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NEWS SUMMARY

GENERAL

Italian troops storm prison

Italian commandos stormed the Trani top security prison yesterday and liberated all 18 warders taken hostage by jailed terrorists.

Twenty-one people were reported injured in the operation launched 24 hours after more than 70 inmates, led by Red Brigades guerrilla Franco Piccione, staged their revolt. Page 2

Execution call

The prosecution demanded the execution of Chairman Mao's widow Jiang Qing as China's special court concluded hearings against the Gang of Four. Page 3

U.S. rejection

The U.S. rejected Iran's demands for a $24bn deposit to end the hostage crisis. Iran's Parliamentary speaker attacked Ronald Reagan for calling the captors barbarians. Page 2

EEC budget row

EEC budget row heightened with five member countries apparently heading for a legal battle over the European Parliament's budgetary powers. Back Page

Walesa warned

Polish authorities asked Solidarity leader Lech Walesa to "take care" with his public statements and not embarrass them in relations with other Warsaw Pact countries. Back Page

BR alcohol ban

British Rail will ban alcohol sales on Anglo-Scottish trains for six days in May, when the England-Scotland soccer match will be played at Wembley. Page 6

Charge quashed

Dutch Communist executed by Hitler's Nazis nearly half a century ago on charges of burning down the Reichstag (Parliament) was exonerated by a West Berlin court.

Plea rejected

South African Supreme Court judge rejected newspaper chain's application to restore registration certificates of three papers catering for black readers. Page 2

Fingerprints lead

Italian police distributed copies of fingerprints, thought to be male, found on the car of missing Briton Jeannette May, last seen on November 29.

Tanker aground

Violent storm hit Algeria causing a tanker to spill part of its 17,997 tonne cargo of liquefied gas in the port of Arzew and sinking 24 ships in Oran.

House prices

House prices are unlikely to rise on average by more than 10 per cent in 1981, according to the Anglia Building Society. Page 6

Bombers' demand

Extortionists demanded A$1m (£490,000) in cash, gold and diamonds to end a bombing campaign against the Australian Woolworths locally-owned store chain.

Briefly . . .

Landslide in Java killed over 100 and destroyed several villages.

General strike by anti-immigrant agitators paralysed Indian State of Assam.

BUSINESS

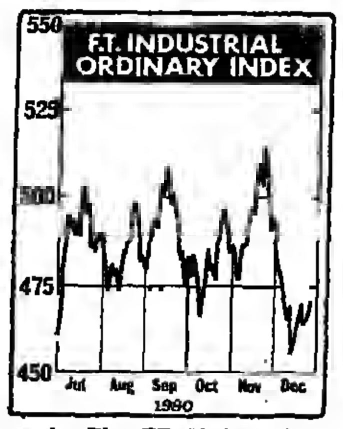
Sterling off 1.15c; gold down $12

● STERLING closed at $2.3660, down 1.15c on Wednesday's close, but gained against other currencies, finishing at DM 4.6180 (DM 4.6000). Its trade-weighted index was unchanged at 77.9. Page 15

● DOLLAR firmed in subdued trading, closing at DM 1.9575 (DM 1.9425) and SwFr 1.7700 (SwFr 1.7600), but falling to Y206.60 (Y207.50). Its trade-weighted index improved to 86.6 (86.4). Page 15

● GOLD fell $12 in quiet trading, closing at $592.50. Page 15

● EQUITIES made progress, led by TV shares, notably Westward. The FT 30-share index closed 3.1 up at 470.0. Page 20



● GILTS suffered from relatively light selling in a slack market, and the Government Securities Index lost 0.31 to 68.75. Page 20

● WALL STREET closed 5.71 down at 960.67. Page 18

● LLOYD'S will ask 300 underwriting members of three insurance syndicates to provide about £1.5m to meet cash flow problems. Page 6

● NUCLEAR POWER contracts worth nearly £500m were awarded to four engineering companies. Back Page

● JAPANESE plans for a £3m plastics processing plant in South Wales were attacked by British plastics producers which said established employment could be threatened. Back Page

● GLASS INDUSTRY criticised EEC demands that Britain should import heat treated milk for sale through shops in cartons.

● LAND ROVER withdrew from a plan to rescue Stonefield Vehicles, the Scottish truck company in the hands of the receiver. Back Page; background, Page 4

● SCOTLAND may lose 60,000 jobs in 1981 because of a slump in industrial investment, the Scottish Council Research Institute said. Page 6

● SEAMEN's leaders in Hull called for a national strike in pursuit of a 15 per cent pay claim. Page 6

● PRINT UNION leader called for greater discipline in the industry. Page 6

● CHRYSLER, the troubled U.S. car maker, ruled out a plan by its Japanese associate Mitsubishi Motors to establish a separate U.S. marketing subsidiary. Page 16

● MANUFRANCE employees asked the French Government to relaunch the bankrupt manufacturing group as a workers' co-operative. Page 17

COMPANIES

● Group Lotus Car Companies said first half pre-tax profits fell from £839,000 to £314,000. Page 12

● J. F. Nash Securities, the industrial group, said pre-tax profits for the year to September 30 were £30,000 lower at £568,000. Page 12

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
AGB Research	218	+ 8	Ibstock Johnsen	61	+ 4
Aberdeen Invs.	186	+ 6	M. & G. Holdings	250	+ 6
Anglo Metropolitan	76	+ 6	Mercantile House	525	+ 30
Ansbacher (H.)	17¾	+ 1½	Newarthill	295	+ 10
Assoc. Biscuit	49	+ 4	Phoenix Timber	114	+ 6
Assoc. Comms. A	50	+ 5	Pilkington	262	+ 7
Bath & Portland	37	+ 5	Sainsbury (J.)	358	+ 11
B.H. Prop.	830	+ 20	Vectis Stone	35	+ 4
Cape Inds.	205	+ 7	Westward TV	25	+ 3½
Courtaulds	56	+ 3	Charterhouse Pet.	95	+ 5
Debenhams	82	+ 5	Tricentrol	342	+ 14
Finlay (J.)	105	+ 8	Hampton Areas	270	+ 25
GUS A	473	+ 8	Pancontinental	585	+ 30
Hambro Life	281	+ 5	Rand Mines Prop.	355	+ 25
Hanson Trust	196	+ 5	FALLS		
Harris Queensway	182	+ 6	Excheq. 12¼% 1985	£97	− ⅛
Horizon Travel	139	+ 10	Excheq. 12% 2013-17	£92¼	− ½
ICL	67	+ 4	Dowty	196	− 4
			Pawson (W. L.)	18	− 3

North Sea oil prices set to rise as Libya puts $4 on a barrel

BY RAY DAFTER, ENERGY EDITOR

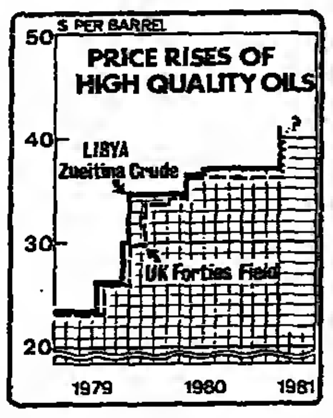
LIBYA HAS raised the price of its benchmark crude oil by US$4 to $41 (£17.26) a barrel — the maximum set by the Organisation of Petroleum Exporting Countries at its recent ministerial meeting in Bali, Indonesia.

The increase — $1 a barrel more than was expected within the industry—is likely to set the pricing pattern for Algeria and Nigeria which also produce high-quality oil.

North Sea oil tariffs, traditionally influenced by African prices, now look set to rise by between $3 and $4 a barrel. Major operating companies indicated that if Algeria and Nigeria did follow Libya's lead, the reference price of British Petroleum's Forties Field oil could go up from $36.25 to about $40 a barrel.

Such an increase would boost the UK oil industry's gross revenue by £2.5m per day. But companies are likely to lose some of this benefit under sweeping changes to petroleum revenue tax planned by the Inland Revenue.

Libya was the first of OPEC's pricing "hawks" to announce a January increase under the three-tier formula agreed in Bali earlier this month. Saudi Arabia has already added $2 a barrel to its Arab Light reference crude—a less attractive crude than the North African—to establish a new base marker price of $32. Sheikh Ahmed Zaki Yamani, the kingdom's Oil Minister, said yesterday that Saudi Arabia would hold this price at least until the next OPEC ministerial meeting on May 25.



At the Bali meeting, the 13 OPEC members agreed to establish a new marker ceiling for oil akin to Arab Light of $36 a barrel. According to industry reports, Indonesia has effectively raised its prices by an average $2.25 a barrel to about $36. Indonesia is said to have reduced premiums by $1.45 a barrel and raised contract prices by between $3.50 and $3.80.

Venezuela said yesterday that it will raise the price of its marker crude to $38.06 a barrel on January 1 from the present $34.85.

The third tier — the ceiling set for African crudes — is $41 a barrel, the price now fixed for Libya's Zueitina and Brega crudes. Libya is OPEC's fifth biggest producer. In the 10 months from January to October its production averaged 1.8m barrels a day.

Within the North Sea industry there was a feeling yesterday that operators may allow the traditional differential between African and UK prices to widen slightly. Companies, particularly those with refining interests, questioned whether the market warranted a price of $41 for the premium crudes. However, this was the price being quoted yesterday in the

Continued on Back Page

Energy balance still improving, Page 4

Massive redundancy bills after lost TV franchises

BY ARTHUR SANDLES

THE two commercial television companies which have lost their franchises under the Independent Broadcasting Authority's shake-up of ITV, face massive redundancy bills, despite the fact that most employees will retain their jobs.

Southern Television may pay out more than £600,000 to its 600 employees, and Westward faces a bill unlikely to be less than £300,000.

Both the new companies, TV-South and Television South-West, have pledged that they will take on the staff of the displaced rivals.

All the companies are trying to find ways of getting round the problem, but for the moment it looks as if such manoeuvres are fraught with technical difficulties and would require the sympathetic co-operation of the staff.

Some long serving employees could collect as much as £2,000.

It is still hoped that departing franchise-holders will simply restructure themselves so that the incoming companies take over the required structure. It is for that reason that both TV-South and TSW are eager to maintain good relations with those they have ousted, and their staff.

The IBA apparently examined the implications of a complete change in some regions and concluded that it would be almost impossible to avoid redundancy payments.

The basic legal conditions for redundancy involve three months' notice or cash in lieu, plus one week's pay for every year of service. Age affects this latter rule.

Most companies are more generous than this, and individual or union agreements could affect the payments considerably.

In Plymouth yesterday Westward said: "We are still in a state of shock. Many of the staff still find the decision unbelievable."

TSW plans new studios in Plymouth, and leasing of technical equipment worth about £3m. TV-South has similar leasing plans for equipment for studios it must build in Maidstone.

● Ian Rodger writes: Both the new companies rewarded with ITV regional licences plan to seek money from the public to help finance their development.

South and South-East Communications is making arrangements to raise about a quarter of its planned £12m in non-voting equity and loan capital in the City.

The issue, which the merchant bankers Henry Ansbacher and Co. hope to launch by March, will probably be in equal amounts of shares and loan stock. Applications from residents of the transmission

Continued on Back Page

Editorial comment, Page 10
A year-long soap opera, Page 11

BBC STUDY

WHILE Mr. Peter Jay was unveiling more details of his consortium's plans for national commercial breakfast television, the BBC disclosed that it was debating whether to start such a service.

The financially hard-pressed BBC will decide in a few months whether to go ahead with its own budget version of this service.

A working party has been set up under Miss Monica Sims, the Radio 4 controller, according to Mr. Aubrey Singer, BBC Radio managing director.

These moves confirm the view that the BBC thinks in terms of radio with pictures rather than a new system.

Mr. Jay, speaking on ITN, said his own service would be lively and understandable. He admired the great days of the Daily Mirror.

"We are not trying to put the Financial Times on television."

Merrill Lynch loses top bankers

BY MICHAEL LAFFERTY AND PETER MONTAGNON

MR. DAVID MONTAGU and Mr. John Craven, two of the City's best-known international bankers, are resigning from their top management posts at Merrill Lynch International Bank less than a year after joining the group.

A terse statement from Merrill Lynch yesterday said their departure was "amicable," but it is understood to follow almost nine months of simmering disagreement between the two men and top executives at Merrill Lynch's head office in New York.

The disagreement is understood to involve the extent to which Mr. Montagu as chairman of Merrill Lynch International Bank and Mr. Craven as chief executive, were to have a free hand in the day to day running of the business.

The resignations are effective tomorrow. Neither man has a new job to go to. Despite the importance attached by Merrill Lynch to their appointments last January, executives of the brokerage house's banking group said yesterday their departure did nothing to alter Merrill Lynch's determination to develop a greater presence in international banking.

They said the London-based Merrill Lynch International Bank would receive a capital injection of about $12m to allow it to expand its business further.

Mr. Craven said yesterday that in the past year Merrill Lynch International Bank registered some noteworthy achievements. The structure of the group's capital market activities became more integrated and there was a shift away from third world lending towards U.S. corporate finance.

"Merrill Lynch Bank has also been perceived internationally in a much more positive light," he said.

Both men admitted, however, that they were disappointed by the failure of merger discussions with merchant bankers Hill Samuel in May.

Back to the drawing board, Page 16

Interest rates in U.S. fall further

By David Lascelles in New York

U.S. INTEREST rates continued to fall yesterday from the record levels set just before Christmas, adding to the feeling that the cyclical peak may be past. But many economists are still urging extreme caution.

American National Bank and Trust Company, a large Chicago bank, cut its prime rate a full 1½ percentage points to 20 per cent, breaking new ground. Chemical Bank of New York cut its prime 1 percentage point to 20½ per cent, joining Chase Manhattan and Wells Fargo which moved to this level last week.

These banks have all given as their reason the declining cost of funds in the money markets. But the bulk of the big U.S. banks have kept their prime rates up in the 21 to 21½ per cent range, citing the uncertainty of the credit outlook, and the continuing strength of credit demand.

The changes in these administered rates came as the U.S. credit markets continued to strengthen. Three-month Treasury Bills, which were trading at 17 per cent only two weeks ago, fell below 14 per cent. Bond prices also advanced in early trading.

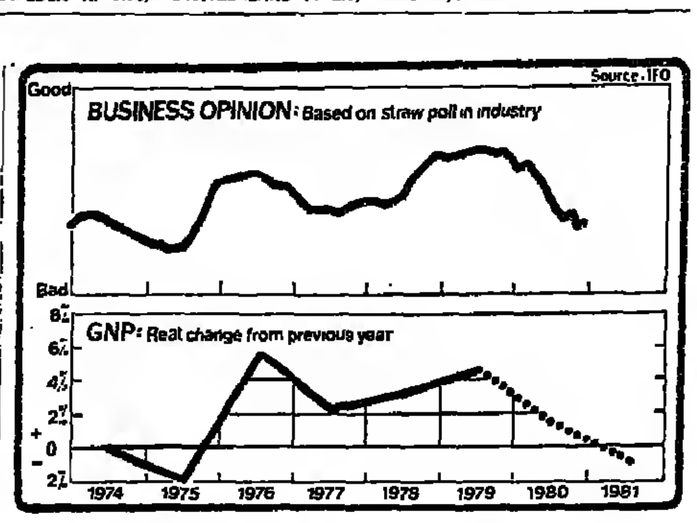
But the Federal Reserve intervened in the interbank market to prevent the cost of overnight funds falling below 17 per cent, suggesting it does not want rates to fall too quickly.

Economists are also warning people not to read too much into the way interest rates have moved in the past week or so. Dr. Henry Kaufman, the influential chief economist at Salomon Brothers, said in his weekly market comment yesterday: "Interest rate uncertainty is, perhaps, more pressing now than ever before."

Other economists say they have also been surprised by the speed up of the decline, and note that little has changed in the economic fundamentals to justify the assumption that rates have peaked.

£ in New York

—	Dec. 26	previous
Spot	$2.3760-3810	$2.3700-3750
1 month	1.20-1.40 pm	0.95-1.15pm
3 months	1.90-2.10 pm	1.90-2.20pm
12 months	2.00-2.50 pm	2.00-3.50pm



West Germans sceptical of recovery in 1981

BY JONATHAN CARR IN BONN

WEST GERMAN businessmen are becoming increasingly sceptical about prospects of an economic upswing in the second half of next year.

The main reasons given for the doubts are rising energy and labour costs, tougher competition from foreign products in export and domestic markets, and relatively high interest rates.

Their doubts emerged in an end-of-year survey of the country's 19 main business and industrial associations. The poll was carried out by the Cologne-based Institute of the German Economy and was being released today.

The few bright spots in the gloomy picture include a belief that the inflation rate will decline during next year and a fairly optimistic assessment by the retail trade. The trade notes that some DM 15bn (£3.26bn) in additional private purchasing power will be released through tax measures coming into effect from the start of January. The trade believes that at least half of this will go to benefit the retail sector.

The end of the year, which marks the start of the wage negotiating round in West Germany, is traditionally a time when businessmen tend to emphasise future economic difficulties. In the key metal working sector, the trade union, IG Metall, has accused the employers of painting too black a picture. The union is demanding an 8 per cent wage rise.

But the general scepticism is also shared by leading economic research institutes, which in October were projecting real economic growth of 1.5 per cent in the second half of next year, after "minus growth" of 1.5 per cent in the first half.

The latest projection by the IFO economic institute of Munich, an independent body, released just before Christmas, holds out hope of, at best, only 0.5 per cent real growth in the second half of 1981 after minus growth of 2 per cent in the first. This would bring a real cut in GNP growth of one percentage point on average for the whole year. Unemployment will average well over 1m.

But, like the business associations, the IFO also expects a cut in the inflation rate, from about 5.5 per cent this year to 4 per cent next year. This is likely to be combined with an improvement in West Germany's balance of goods and services with the rest of the world.

The Government is now pondering the latest economic data and will produce its own economic projections for next year by the end of January.

The key expectations of German industry for 1981, by sector, are:

Mechanical engineering:—(Turnover DM 121bn, 1.1m employees in 1980). A fall in production of 2 to 3 per cent, with a business improvement at the end of the year. But there should be an investment increase of 4 per cent in real terms—about one half of this for rationalisation.

Vehicle production—(Turnover DM 127bn, labour force 795,000). The decline in this sector since 1979 is felt to have reached its lowest point and new models emerging in the second half of 1981 should bring a sales boost. An investment increase of 12 per cent is planned for next year.

Chemicals — (Turnover DM 103bn, labour force 550,000) Risks in the petrochemicals sector and expected difficulties in the building industry, a key customer, are set against relatively buoyant business in pharmaceuticals and agricultural chemicals.

Electrical engineering — (turnover of DM 110bn, labour force of more than 1m). Business is expected to improve at the end of next year at the very earliest.

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For latest Share Index phone 01-246 8026

18 hostages freed, 21 wounded, in dramatic success for anti-terrorist forces

Police storm Italian prison

BY JAMES BUXTON IN ROME

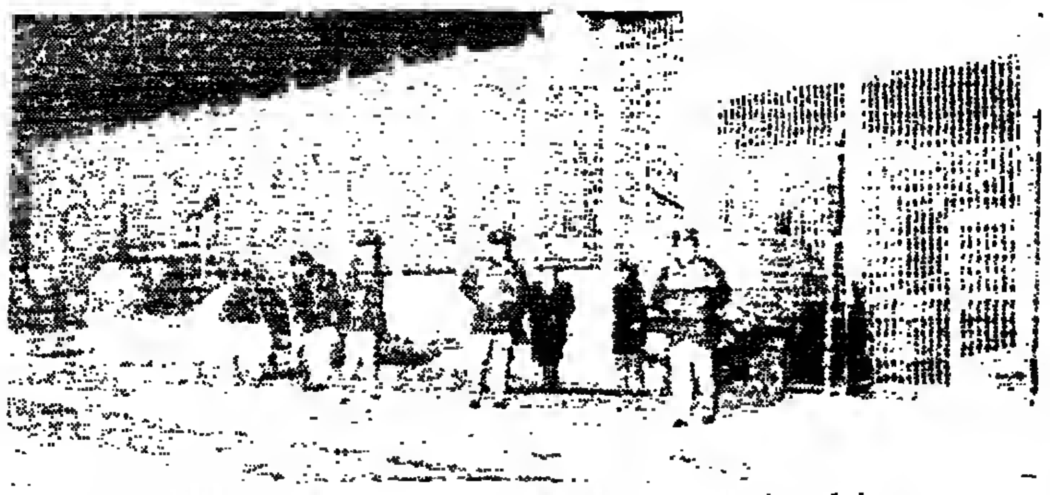
ITALY's anti-terrorist forces yesterday scored a spectacular success in storming a top security jail and freeing 18 prison warders who were being held hostage by jailed terrorists.

The operation, by the anti-terrorist squad of Carabinieri the paramilitary police, came almost exactly 24 hours after about 70 prisoners, thought to be mainly left-wing terrorists and detained terrorist suspects, seized the warders.

The Carabinieri landed three helicopters at different points on the roof of the modern prison at Trani near Bari in southern Italy, blew up a steel door separating them from where the hostages were being held and liberated all 18 warders. Twenty-one people were hurt.

The surprise assault on the prison ended a day of negotiations between the local state attorney and representatives of the imprisoned terrorists. The terrorists issued a set of demands closely related to those of the Red Brigades terrorists who are still holding Sig. Giovanni d'Urso, a senior magistrate in charge of terrorist prison arrangements.

The terrorists at Trani asked for the closure of the top security prison at Asinara, off Sardinia; the abolition of all other top security prisons; abolition of the police right of detention of suspected terrorists without trial; and improvements in the treatment of terrorist prisoners.



Armed police guard the entrance to Trani jail in southern Italy.

At the weekend the Government announced that it was already in the process of closing down the Asinara prison, but denied that it was doing so in response to the demand of the Red Brigades. The decision to close it had been taken on humanitarian grounds before his seizure.

The transfer of the last imprisoned terrorist from Asinara has been held up by stormy seas. The Red Brigades, in a communication on Sunday night, indicated that they would wait for the closure before making any decision on Sig. d'Urso's future.

The successful storming of Trani prison should offset some of the criticism the Government has been subjected to over its handling of the Asinara issue, and boost the self-confidence of the anti-terrorist forces who have achieved major successes in the past few weeks with a series of arrests of leading suspected terrorists.

20% rise in E. German subsidies

BY LESLIE COLITT IN BERLIN

EAST GERMANY is to increase state subsidies on basic foods, consumer goods and public transport by a record 20 per cent in 1981. At the same time, prices of all other goods will go up.

The state subsidies will rise from 16.5bn marks (£3.54bn) to 19.8bn marks. In addition, housing subsidies will rise 9.4 per cent to 7.7bn marks. Rents in East Germany now cover less than one-third of expenditure on housing. The average monthly rent of 80 marks for a two-bedroom flat, for instance, is half the price charged for a pair of imported jeans.

The 20 pfennig price of a ride on the underground in East Berlin or a tram in Dresden covers only one-third of the actual cost.

West German specialists on Socialist economies say the high subsidies are endangering East Germany's future prosperity as funds are being diverted away from research and development.

The especially sharp rise in subsidies next year is largely the result of higher producer prices for energy and raw materials, which are not being passed on to the consumer. For the first time this year, East Germany says it managed to increase production by 8.2 per cent in the metal-working industry, while reducing energy consumption by 2.3 per cent.

However, East Germany's industrial energy consumption remains extremely high by international standards, while private energy waste is encouraged by low electricity and gas prices.

Lists of new prices have been issued for thousands of consumer goods which have, in many cases, disappeared from shops because demand outstripped supply at the old price. This was true even of colour television sets, selling at 5,000 marks.

The new price structure consists of three groups: subsidised essentials, medium-priced consumer goods, and better quality consumer goods, which are to bear the highest prices. The Government says 80 per cent of food and consumer goods fall into the subsidised category, but this figure, much like the average monthly wage for industrial workers, said to be 1,000 marks, is hard to confirm.

But nearly every East German family has two wage earners and the wisdom of charging 52 pfennigs for a kilo loaf of bread—half of which is often thrown away because it is so cheap—and 950 marks for a simple pocket calculator is increasingly being questioned.

Swiss may ban nuclear exports to Pakistan

By John Wicks in Zurich

THE Swiss Government may ban certain deliveries to Pakistan of equipment which could be used in the enrichment of uranium. Alternatively, such deliveries may be made, dependent on whether Pakistan is willing to accept controls by the International Atomic Energy Agency.

The country's Federal Council has indicated to the U.S. that it is prepared to examine further exports of this type to Pakistan. At the same time, the Government denies that deliveries already made were of products subject to control under the non-proliferation agreement or the guidelines set up by the club of London.

The U.S. had expressed concern at Swiss deliveries to Pakistan nuclear installations and are understood to have delayed approval for the export of used fuel rods from Switzerland to France as a result.

Pakistan is said to have been gradually acquiring components for centrifuges on the black market of certain countries — not including Switzerland—after having come by Dutch technology for the centrifuge enrichment of uranium.

Professor Claude Zangger, deputy director of the Swiss Energy Bureau, says the decision to investigate future sales was taken in view of the Government's opinion that Pakistan has been deliberately evading the international nuclear export control system.

Professor Zangger also points out that, despite repeated assurances that nuclear installations would be used for peaceful purposes only, Pakistan had hitherto refused to permit I.A.E.A. control functions.

The Swiss Government has therefore decided to view equipment such as evaporation and condensation units in a different light with regard to non-proliferation requirements.

While such units, which have been delivered by the Swiss companies Cora Engineering and VAT to Pakistan, are seen as conventional and not specifically nuclear equipment, these are considered as having become important "under present conditions in Pakistan" for the enrichment of uranium.

These exports will therefore be the subject of future investigation, although they are not on the list of controlled exports. The Federal Council has, however, given full approval to deliveries said by Zangger to be "far away from the list."

● Switzerland is likely to become the first country in the world to introduce unlimited liability for damages arising from nuclear defects at atomic power stations.

The country's States Council (Senate) has unanimously approved a Government Bill amending the existing Nuclear Power Act. If the draft is passed by the National Council, operators of Nuclear power units will be responsible for full damages even if the defect is due to war or act of God.

Yugoslav budget aims for slower growth

BY ALEKSANDER LEBL IN BELGRADE

WORKING AROUND the clock, the Yugoslav Parliament passed the 1981 plan and budget at the weekend, aiming for slower growth of industrial production and a further decline of the balance of payments deficit.

Social product (similar to gross national product) in 1981 is forecast to grow at 3 to 3.5 per cent, industrial and agricultural production at 4 per cent each, productivity at 1.3 per cent and employment at 2 per cent.

The volume of exports of goods and services is expected to go up 7 per cent and the volume of imports to fall 3 per cent. The balance of payments deficit on current account would amount to $1.8bn, compared to an estimated $2bn in 1980.

Real wages should grow by 1 per cent after a fall of close to 10 per cent in 1980. Total investments should fall 5 per cent and their share in social product from 40 to 37.5 per cent, while non-productive investments should be reduced by 30 per cent. Inflation should be reduced to 20-21 per cent from almost double that figure this year.

The federal budget will grow at a rate higher than the rate of growth of the social product in spite of initial opposition. It will amount to Dinars 168.9bn (£2.43bn), of which Dinars 100.6bn is for defence. The defence budget has been fixed at 5.8 per cent of the national income.

Romania to raise prices for producers by 12%

BY PAUL LENDVAI IN VIENNA

THE ROMANIAN Parliament has adopted legislation to introduce comprehensive price reform which, from next month, will involve an upward revision of producers' prices in industry by between 11.5 and 12.5 per cent.

Freight charges for transport by rail will rise by 5 per cent, for river transport by 9 per cent, and for air transport by 37 per cent. Contract and purchase prices of farm products will rise by an average 12 per cent.

The aim of the price reform is to adjust the domestic price level to compare with import prices, above all with regard to raw material. The law envisages a generally unchanged level for manufacture with the basic materials and half-finished goods showing the sharpest rise.

However, as announced by President Nicolae Ceausescu at a recent plenary meeting of the Communist Central Committee, consumer prices next year will remain unchanged with a difference between the higher producer prices and the consumer prices covered from the State Budget.

Between 1982 and 1985 prices and service charges will go up by 6 to 8 per cent. President Ceausescu called for stringent economies involving between $700m and $800m worth of savings in the imports of raw material and $500m through the better utilization of existing capacities.

Bokassa pleads for UN inquiry

BY ROBERT MAUTHNER IN PARIS

M. JEAN-BEDEL BOKASSA, the deposed ruler of the Central African Republic, has appealed to France to back his request to the United Nations for the establishment of an international commission of inquiry into the crimes of which he has been accused.

M. Bokassa, who currently lives in exile in the Ivory Coast, was last week sentenced to death "in absentia" by a Central African court which found him guilty of 13 charges, ranging from the massacre of some 100 schoolchildren to cannibalism.

In his letter to M. Jean Francois-Poncet, the French Foreign Minister, the former Central African "Emperor" justifies his demand for French support by his 23 years service in the French army, his policy of friendship with France when Head of State of his country and his "very personal links" with President Giscard d'Estaing and his family.

M. Bokassa's erstwhile friendship with President Giscard has been the subject of a campaign by the French satirical weekly, Le Canard Enchaine, which has alleged that M. Giscard, while still Finance Minister, was given presents of diamonds by the Central African leader.

M. Bokassa writes in his letter that he had been condemned without being able to present his own defence and in violation of the fundamental principle according to which anyone accused of a crime is innocent until found guilty.

In his request to Mr. Kurt Waldheim, the UN Secretary-General, for the setting up of an impartial international commission, M. Bokassa attempts to shed responsibility for the death of schoolchildren in the riots in Bangui, the Central African capital, in April 1979, on to his former Prime Minister.

French social security system absorbs deficit

BY OUR PARIS CORRESPONDENT

THE FRENCH social security system, which only 18 months ago appeared to be on the verge of financial collapse, will be in the black again in 1980, according to M. Jean Farge, State Secretary for Health and Social Security.

The cumulative deficit of the health insurance, family allowances and old age pensions divisions of the system for 1978, 1979, 1980, which came to FFr 23bn (about £2.1bn), has been entirely absorbed. Indeed, the current year is expected to end with a small surplus for the three-year period of FFr 1.4bn. For 1980 alone, the surplus is expected to be more than FFr 7bn.

This surprising result has been achieved mainly by the increase of 1 per cent in social security contributions which has been levied since July, 1979. This brought in FFr 13.8bn during the past 18 months. But a reduction in the cost of medicines prescribed by doctors and the running costs of the hospital service have also contributed

Catalans win partial control of banks

BY OUR MADRID CORRESPONDENT

THE GOVERNMENT of Catalonia in north eastern Spain will control a significant proportion of the area's savings banks deposits under the terms of an agreement with the central Madrid administration

A last-minute compromise between the Ministry of Economy and Catalan Government officials averted a potentially explosive clash over economic self-management for the autonomous areas.

Under the agreement the Madrid Administration will give Catalonia almost total power over the creation of new savings banks, their expansion, internal regulations and executive direction. Catalonia will also directly control all special loans made by the banks, and 30 per cent of the savings banks' investments.

Initial estimates suggest that Catalonia will be able to direct investment worth Pta 635bn (£342m). The savings banks, which are theoretically non-profit making, are key financial institutions in the high-wage earning Catalan provinces.

Greek leader pins poll hopes on EEC entry

BY VICTOR WALKER IN ATHENS

MR. GEORGE RALLIS, the Greek Prime Minister, yesterday ruled out the possibility of an early General Election in the hope that membership of the Common Market will strengthen his Government's standing in the eyes of the electorate.

Benefits of full membership of the EEC should be evident to "the last man in the street" by the end of 1981, he said. For this reason, the Government intended to exhaust its full four-year mandate and hold elections in November.

Addressing a pre-accession Press conference, Mr. Rallis added that he attached little importance to a recent poll issued by the European Commission which suggested that less than half the Greek population favoured joining the EEC.

"The Greeks have not yet got the habit of replying sincerely to questions of this nature," he said. "Perhaps they will get it later."

Greece would go into the Community on Thursday convinced that it would reap substantial economic benefits and could contribute towards European unity, Mr. Rallis claimed.

He refuted opposition claims that there would be automatic price increases as a result of accession because, he said, there would be increased competition in Greece by foreign products.

In any case, he said, industry and agriculture had had 20 years to prepare during the period of Greece's association agreement with the EEC. Since the association agreement had provided for talks on full membership in 1984, accession had simply been brought forward by a few years.

Replying to questions, Mr. Rallis said the disputes between Greece and Turkey over the Aegean were bilateral and had nothing to do with the EEC. He said a question of future EEC financial aid to Turkey, if it arose, would be viewed by Greece in the context of both EEC and Greek national interests.

Mr. Rallis

Soviet airbus flight

The Soviet Union's Ilyushin-86 airbus has made its first regular passenger flight between Moscow and Tashkent, according to the Tass news agency, Reuter reports from Moscow

Writer dies

Mrs. Nadezhda Mandelshtam, the Soviet writer, and memoirist whose poet husband, Osip, perished in Stalin's death camps, died yesterday at the age of 81, AP reports from Moscow.

The author of two books of memoirs, "Hope Against Hope" and "Hope Abandoned," she was a tough and outspoken member of the Soviet intellectual world.

Reagan outburst scorned by Iranian leader

BY TERRY POVEY IN TEHRAN

THE SPEAKER of Iran's Parliament lashed out at Mr. Ronald Reagan, the U.S. President-elect, and other American leaders yesterday, accusing them of behaving like thugs.

The outburst by Hojatoleslam Hashemi Rafsanjani came in response to Mr. Reagan's description of the Iranian leaders as "barbarians" for their demands over the release of the 52 American hostages.

"Every day somewhere in the world the blood of militant people runs from the teeth and claws of the United States," Mr. Hojatoleslam Rafsanjani told Parliament. "We do not expect more of Mr. Reagan than this. For 30 years the U.S. has taken all our resources and sucked our blood. Their prosperity is the fruit of our destruction."

Mr. Reagan said in Los Angeles on Sunday that he did not think ransoms should be paid for people who have been kidnapped by barbarians.

Accusing the U.S. of a series of crimes across the world, Mr. Rafsanjani then asked who was more civilised, "those who arrest 50 spies or President Saddam Hussein (of Iraq) who bombs civilians on the orders of the U.S."

Referring to Iran's demands for $24bn (£10bn) in return for releasing the hostages, Mr. Rafsanjani argued that if the U.S. were to pay for all the wrongs committed by it over the past quarter of a century the entire American treasury would be emptied.

Mr. Rafsanjani: harsh words for big powers

He went on to attack the Soviet Union for its protests over the demonstration at its embassy in Tehran on Sund[ay]. Revolutionary guards forci[bly] ejected demonstrators [who] entered the embassy compo[und] and burned Soviet flags [in] protest at the Rus[sian] occupation of Afghanistan.

"You want to destroy [our] people and yet you don't [like] it when they protest," [Mr.] Rafsanjani told Moscow.

It is reported in Tehran [that] King Khaled of Saudi Ara[bia] has sent an invitation [to] President Abolhassan Ba[ni-]Sadr of Iran to attend n[ext] month's Islamic conference [in] Mecca.

A similar invitation [is] believed to have been sent [to] President Saddam Hussein [in] Baghdad. Saudi Arabia a[nd] Kuwait are believed to [be] planning to use the confere[nce] to launch a joint pea[ce] initiative to try to end [the] three-month Gulf war.

From the battle front Ira[n's] state news agency yesterd[ay] reported heavy shelling [of] residential areas in [the] southern cities of Ahw[az,] Dezful and Susangerd. Pow[er] supplies were cut off to Ahw[az] (pre-war population 400,000), [a] major industrial centre.

In continued fighting arou[nd] the refinery city of Abada[n] Iranian forces claim to ha[ve] knocked out a number of Ira[qi] tanks.

Sadat sees major peace talks role for Jordan

BY ANTHONY McDERMOTT IN MIT ABUL-KOM

PRESIDENT ANWAR SADAT of Egypt said yesterday that Jordan had "a very big role" to play in the talks with Israel stemming from the Camp David agreement.

But he added that its participation in the talks on autonomy for the Palestinians on the West Bank of the Jordan and in the Gaza Strip should be delayed until full agreement on that autonomy had been reached. Then, he implied, Egypt, Israel and the U.S. would issue an invitation to King Hussein, but the Egyptian leader did not say when this might occur.

Mr. Sadat was speaking at a Press conference at his home in the Nile delta, after two hours of talks with Dr. Henry Kissinger, former U.S. Secretary of State.

The President's statement suggests some difference of opinion between the two men. Dr. Kissinger, on his arrival in Cairo on Sunday night, strongly recommended Jordan's participation "whenever they are ready, whenever we can find a framework."

Mr. Sadat was asked whether he was concerned that the incoming U.S. Administration might change the framework of the talks. He replied that he would wait and see, until he had built his contacts with the Reagan team.

Dr. Kissinger is on a private visit as part of a two-week tour, which includes Egypt, Israel, Saudi Arabia, Oman and Morocco.

At the shared Press conference on the patio of Mr. Sadat's home, Dr. Kissinger said he was carrying no messages or proposals, but would convey to the incoming U.S. Administration messages from Mr. Sadat and an account of their conversation.

S. African judge rejects plea by black newspapers

BY QUENTIN PEEL IN JOHANNESBURG

THE BLACK PRESS in South Africa suffered two blows yesterday when a judge upheld a Government order suspending publication of three newspapers and the security police served banning orders on two leading black journalists.

The judge's decision means that the three Johannesburg-based newspapers — Post, Sunday Post and the Sowetan — cannot reappear today as planned after an eight-week strike by black journalists. Registration of the newspapers was withdrawn by the Department of Internal Affairs last week on the day the dispute was settled because the papers had not appeared for two months.

The Post is the largest circulation black newspaper in the country, and all three newspapers sell primarily in the township of Soweto, outside Johannesburg.

The court's judgment coincided with the banning of Mr. Zwelakhe Sisulu, president of the black journalists' trade union involved in the strike, and the union's vice-president in Natal, Mr. Murimuthu Subramoney. Both men will be restricted to their home towns and are forbidden to undertake any form of journalistic or political activity.

Seoul sets sights on real growth of 6%

BY ANNE CHARTERS IN SEOUL

SOUTH KOREA has announced economic management plans for 1981, which foresee 5 to 6 per cent real growth in gross national product next year and 7 to 8 per cent in 1982.

This year's GNP will register a 5 per cent drop, due to domestic recession and a poor rice crop. Unemployment was 5 per cent this year, according to figures released by Shin Byong-hyun, Deputy Prime Minister and Minister of Economic Planning, but will be reduced to 4.9 per cent next year and 4.3 per cent in 1982.

Inflation continued unchecked with wholesale prices rising by about 45 per cent for the year. The consumer price index was up by about 36 per cent. The Government's goal for 1981 and 1982 calls for wholesale price rises to be curbed to about 25 per cent and consumer price rises to about 15 per cent.

Companies will be under pressure to restrict wage increases to about 15 per cent during 1981. Civil Service salary increases will be cut to 10 per cent

The inflation rate was fuelled this year by large increases in the money supply.

Exports for 1980 came in above target at £7.3bn and the target for 1981 is £9bn. The current account deficit of £2.2bn was lower than expected. A slightly higher deficit is forecast for 1981.

Indian car industry plan revived

The former Maruti Car Compa[ny] of the late Sanjay Gandhi w[ill] form the nucleus of India[n] motor industry with an initi[al] investment of £53m. M[r.] Charanjit Chanana, the Indust[ry] Minister, said yesterday, Reut[er] reports from New Delhi. The ne[w] state-run Maruti venture is e[x]pected to produce 100,000 sma[ll] cars a year, half of them fo[r] export. The plant will also pr[o]duce commercial vehicles. M[r.] Chanana said he envisage[d] foreign co-operation but did n[ot] say which outside manufacture[rs] would participate.

Mr. Sanjay Gandhi, who die[d] in an air crash last June, set [up] the Maruti factory near Delhi [to] build a small people's car, b[ut] the project ended in 1976 wit[h]out a single car coming off th[e] assembly line. The company wa[s] nationalised in October.

Assamese strike

A general strike closed market[s,] stores and schools and cripple[d] Government operations yesterd[ay] in India's north-easter[n] state of Assam, AP reports fro[m] Delhi. The 34-hour stoppag[e] was called by students to pro[]test against the death of eigh[t] people in a clash with police. The killings occurred whe[n] police fired at stone-throwin[g] demonstrators demanding re[]location of "millions of foreigners."

Kano riot crushed

Nigerian troops have freed 65 hostages taken captive by Moslem fanatics during rioting in the northern city of Kano in which 1,000 people died, AP reports from Lagos. Nigerian army and air force troops are said to have moved in when police withdrew from the old city because they could not cope with the scale of the violence. In an encounter described officially as "short and sharp" more than 400 fanatics were overpowered.

Protest in Kabul

Rioting broke out in Kabul, capital of Afghanistan yesterday, AP reports from Delhi. A crowd was said to have gathered outside the Ministry of Information and to have begun hurling stones at the building. One group also threw stones at passing vehicles.

Syria hideout stormed

Syrian security forces stormed a hideout of the banned Moslem Brotherhood, close to the capital, yesterday, and killed all seven occupants, Louis Fares reports from Damascus. Quantities of weapons and ammunition were confiscated.

Singapore expects slower investment

BY KATHRYN DAVIES IN SINGAPORE

A DROP in the level of new foreign investment in Singapore has been predicted by Mr. Goh Chok Tong, the republic's Trade and Industry Minister.

Mr. Goh said that while the healthy level of investment secured over the past three years would ensure full employment for 1981, the following years would see a slowdown in investment projects as a result of global recession, increased oil prices and adverse reaction to the Government's higher wages policy. There had already been a sharp reduction in investment interest from Japan in the past six months.

The Minister insisted that wages in 1981 would rise by 20 per cent for the third consecutive year, as an integral part of Singapore's drive to reduce the role of labour-intensive industries in the economy. But he hinted that the Government would subsequently adopt a different approach to wage bargaining, leaving it in the hands of employers and employees and encouraging pay rises in line with overall productivity.

Mr. Goh did not spell out the economic consequences of a downturn in the Singapore economy which for the first nine months of this year grew by 10.6 per cent. The republic has a tight labour market and a cushion of foreign workers, but could face some social strain if the new economic policy combined with outside influences has a serious effect on employment.

The Government expects the economy to pick up again in 1984 but has warned both management and labour that they must increase co-operation to create a sufficiently harmonious atmosphere for foreign investment.

Mr. Lee Kuan Yew, the prime minister, recently criticised the management of the national flag-carrier, Singapore Airlines, for its handling of an industrial dispute, the first of its kind in the republic for several years.

Mr. Goh said that in the coming year the Government's attention would be focused primarily on improving management attitudes "to change their mental attitudes towards workers."

Mr. Goh said earlier that he would be happy with an 8 per cent growth rate in 1981. "Next year my forecast will be like the forecast for the weather in December — gloomy with dark clouds threatening." Inflation is running at 9 per cent this year, double that of last year.

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OVERSEAS NEWS

THE GANG OF FOUR TRIAL

Death sentence urged for Mao's widow

BY TONY WALKER IN PEKING

EXECUTION of Jiang Qing, Chairman Mao's widow, was demanded by the prosecution yesterday as hearings concluded in China's Gang of Four trial.

It remains for the 35-member judging panel to pass sentence on Madame Mao and her associates, who are accused of persecuting thousands of officials to their death and of plotting armed rebellion during the Cultural Revolution.

The prosecutor delivered a bitter attack yesterday on Jiang Qing's attempt to shift responsibility for the excesses of the Cultural Revolution to the late Chairman Mao himself.

"Jiang Qing, in arguing her defence, went so far as to turn white into black and to allege that her criminal activities were carried out on behalf of Chairman Mao or in accordance with his instructions," the prosecutor said.

"Her aim was to cover up her counter-revolutionary crimes in causing the country and its people serious damage and to shirk her criminal responsibility under the law."

In view of the "particularly grave harm" caused by Jiang Qing, the prosecution demanded that she be given "heavier" punishment in accordance with Article 103 of the criminal law. That article allows the death penalty to be carried out for so-called counter-revolutionary crimes against the state.

Hearings against all 10 defendants accused of committing criminal offences during the Cultural Revolution between 1966-1976 have now been completed. The judging panel is expected to pass sentence in about a week.

There is no appeal from the special court set up to hear the case against the Gang of Four and associates of Lin Biao, the former Defence Minister, who died in an air crash in Mongolia after allegedly attempting to stage a coup d'etat.

There is said to have been fierce debate within the Chinese leadership over whether to execute Jiang Qing. Some are believed to have argued that she should be spared because she is Mao's widow. It is also rumoured that during the trial, Madame Mao challenged the judges to order her execution to take place in Peking's vast Tiananmen Square in front of millions of people.

Mao's widow, who is 67, has been the most defiant of the 10 on trial, frequently challenging rulings of the judges and abusing witnesses. At one point yesterday she was frogmarched from the court after refusing to remain silent.

A feature of the prosecution's summing up was the obvious attempt to separate her alleged criminal activities from Mao's "mistakes," which are now freely admitted by the Chinese leadership.

The prosecutor accused Jiang Qing of a "vicious slander" over her attempts to shift responsibility to Mao. "Jiang Qing had framed and persecuted too many people to enumerate. She attempted to shift the blame to Chairman Mao so as to deny her responsibility and escape due punishment by law. This would never work," the prosecution said.

"The people . . . are very clear that Chairman Mao was responsible, so far as his leadership was concerned, for their plight during the Cultural Revolution and he was also responsible for failing to see through the Lin Biao and Jiang Qing counter-revolutionary cliques.

"However, the party, the army and the people of all our nationalities will never forget or obliterate Chairman Mao's great contributions," the prosecutor said.

He added that the nation would not neglect to sum up the experience and lessons of the 10 years of the Cultural

Jiang Qing: forcibly removed from court.

Revolution. Party and state leaders had time and again reiterated that throughout his career, Chairman Mao's great achievements were primary, while his mistakes were secondary. These facts could not be shaken and obliterated by Jiang Qing, Lin Biao and company.

The prosecution listed four occasions on which Chairman Mao is alleged to have repudiated his wife.

The prosecution also alleged that the Gang of Four had worked "hand in glove" with Lin Biao. After his "downfall" Jiang Qing had gathered together remnants of his supporters. "They were jackals of the same lair, fighting over the division of spoils."

Other members of the Gang of Four awaiting sentence are Wang Hongwen, 45, Yao Wenyuan, 49, and Zhang Chunqiao, 63. There have been hints that Zhang, former Mayor of Shanghai, may face execution. China's Government-controlled media has taken to referring to him as the "arch criminal."

The other six accused "associates of Lin Biao" are Chen Boda, the late Chairman Mao's personal assistant, and five former military officers who, like Chen, have been held in jail since the early 1970s. The Gang of Four was arrested in October 1976.

Severe cuts in spending forecast by Premier

PEKING—China will incur a substantially larger 1980 budget deficit than forecast only a few months ago, according to a confidential report of a briefing given by Mr. Zhao Ziyang, the Prime Minister.

He is reported to have said that the Government was suffering from both an international payments deficit and a budget deficit that would necessitate sharp reductions in spending over the next few years. The alternative would be an explosive situation characterised by a high rate of inflation.

Mr. Zhao also said that oil production, on which China's hopes have been pinned, was likely to decline for the next few years. The country's energy shortage was already so acute that factories were operating at only 70 per cent of capacity.

He indicated that this year's industrial growth was disappointing and that construction next year would drop by 40 per cent. Work at many building sites would be halted.

The scope and severity of China's problems had made it impossible for planners to draw up the economic plan for 1981 and it would take at least five years for the economy to recover.

According to Mr. Zhao, the 1980 budget deficit, which was projected at the equivalent of £2.2bn in September when the National People's Congress was in session, will exceed £2.8bn. The Prime Minister did not say exactly how big the deficit would be, but other informants suggest that it may reach £3bn.

Mr. Zhao said the Government's difficulties stemmed from a desire to improve living conditions—a desire that had led to the issuing of too much currency in the past two years and to budget deficits.

His report on the Chinese economy was included in a briefing he gave for Mr. Ilie Verdet, the Romanian Prime Minister, during the latter's recent visit to Peking. The report is being circulated among senior Chinese officials. AP-DJ

WORLD TRADE NEWS

Uganda in trade talks with Kenya

By John Worrall in Nairobi

UGANDA has opened talks with Kenya to clear the way for new transport and business arrangements between the two countries. A delegation to Nairobi at the weekend was led by Mr. Otemo Alimadi, the Uganda Prime Minister, who met President Arap Moi of Kenya and Dr. Robert Ouko, the Foreign Minister, for several hours of talks.

Both Uganda and Kenya are anxious to revive their once strong trade and transport links, and especially to ensure the smooth running of Uganda's export of coffee and tea by road and rail to the port of Mombasa.

It is understood that Kenya has promised Uganda to put at its disposal the large road haulage concern, Kenatco, and deploy all the railway rolling stock available for the emergency task for taking Uganda's coffee stockpile to the sea.

Once highly suspicious of President Obote's socialism, Kenya is now taking seriously his "middle of the road" policies, which include his efforts to woo Kenya into a strong commercial relationship. Kenya's manufacturers are likely to benefit from Uganda's need for commodities to fill the shops and markets.

UK may supply Lada with tools

BY JOHN GRIFFITHS

LADA, the Russian car maker, next month will ask the UK machine tool industry to tender for £1m worth of tools and dies. They will be used to produce right-hand-drive versions of the Lada 2105 car, which is to replace the existing Lada saloon range next year.

This will mark the first time that the UK has been asked to supply production equipment for the Soviet manufacturer, whose plant at Togliattigrad turns out some 800,000 vehicles a year. Previously, UK supplies had been confined to components, with GKN providing steering gear and drive shaft couplings for the four-wheel-drive Lada Niva, and Britax and Triplex supplying seatbelts and heated rear windscreens respectively.

Mr. David Hunt, managing director of Lada Cars (GB), the U.S.-owned importer to the UK, has just returned from Moscow with authorisation for the tender, being placed through Avtoexport, the Russian agency which handles Lada's exports. The successful tenderer will be expected to go to Togliattigrad to plan manufacture with Lada's engineers.

The 2105, a rebodied "three-box" saloon which will retain a considerable number of the Fiat-designed mechanical components on which the current car is based, is due to go on sale in Western Europe in the coming spring. The first version will be of 1.3 litres, followed by 1.2 and 1.5 litre versions. A larger-engined, luxury model, code-named 2107, is expected later.

The arrival date for RHD models in the UK will depend on how quickly British machine tool makers can produce on next month's tender, but Lada is hopeful that it can start UK imports by late summer.

Meanwhile, work is proceeding on Lada's first all-new saloon, a front-wheel-drive hatchback.

Dutch expect increased Japan car sales

BY CHARLES BATCHELOR IN AMSTERDAM

JAPANESE car manufacturers expect to take a larger share of the declining Dutch car market this year, according to the Motor Industry Association (RAI).

The eight Japanese companies selling in the Netherlands will take a quarter of the expected 455,000 sales. They took a 19.5 per cent share of the 569,000 cars sold last year.

The Motor Industry Association hopes for some upturn in car sales next year, following the 20 per cent decline in 1980. Demand is expected to increase, in particular in the second half of 1981, as buyers who have delayed replacing their cars finally decide to go ahead. The association believes that Amsterdam car show in February will boost sales.

The expected 20 per cent decline in car sales this year is much steeper than the association originally expected, though it is in line with a forecast made in May by the Garage Owners' Federation (BOVAG). It is the second year in which car sales have fallen, with a 3 per cent decline also recorded in 1979.

Figures for 1980 car sales are due out next month but in the first nine months of the year Japanese companies sold more than 98,000 cars, or 26 per cent of the total sales of 378,104.

● Japan is expected to export a record 6m cars and trucks this year, Reuter reports from Tokyo. The Automobile Manufacturers Association said vehicle exports this year amounted to 4.96m in the first 10 months against a record 4.56m in 1979, including 1.96m to the U.S. against 2.07m in 1979.

Vehicle production in the first 11 months this year rose 15.1 per cent over the same 1979 period to 10.12m against 9.63m for the whole of last year.

However, officials at the Ministry for International Trade and Industry said Japanese car exports are expected to fall, reflecting official calls for voluntary restraints on shipments.

Six months ago MITI asked the Japanese industry to hold down shipments to about last year's level, but almost every month since then exports have risen over the year earlier level. Agencies

Dacca seeks UAE aircraft loans

DACCA — Bangladesh has sought financial aid from the United Arab Emirates to buy aircraft for Biman, its national airline, the official Bangladesh news agency said.

The Agency said this was discussed here recently during the first meeting of the Bangladesh-UAE Joint Ministerial Commission.

Dacca is understood to be seeking two aircraft from Boeing of the U.S. and two from the Airbus Industrie European consortium. Reuter.

Japanese win £10m Iraq deal

TOKYO—Shimizu Construction, one of Japan's five major contractors, has received a Y5bn (£10m) order from Iraq to construct a Government building.

It is the first construction order a Japanese company has received since the outbreak of the Iran-Iraq war.

A Shimizu official said the order calls for construction of a high-rise building for the Iraqi Construction Ministry in Baghdad.

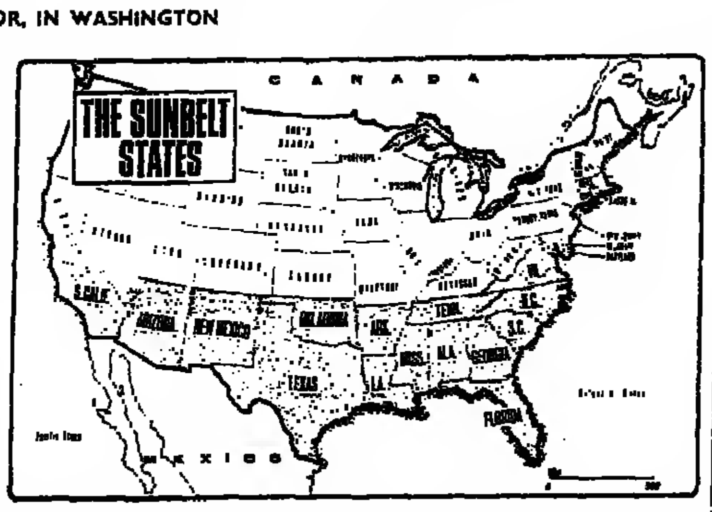
Already, Shimizu has been building private houses, a school and various government offices worth a total of Y100bn in Iraq, and construction work has been in progress uninterrupted in the fighting.

Shimizu had submitted its plans to the Iraqi Construction Ministry before the start of the war, but decided recently to go ahead with the project as the danger apparently subsided.

Iraq has been pressuring Japanese companies to resume various construction projects that have been suspended because of the war. Earlier this month, another major Japanese construction company, Taisei, agreed to restart work in Iraq. During the war, it pulled out about 1,400 workers.—AP-DJ

Commission backing for 'Sunbelt' states migration

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON



A COMMISSION appointed by President Carter to examine national policy priorities for the coming decade has recommended that the U.S. Government should actively encourage population migration to the fast-growing "Sunbelt" states.

If adopted, such an approach would constitute a radical departure from conventional Government practice, which generally has been to direct funding to the decaying northern industrial cities.

As a result, the recommendations of the President's Commission for a National Agenda for the Eighties has been sharply attacked by civic officials from the older cities. A spokesman for New York city described Mayor Edward Koch's reaction as "unprintable."

The commission has operated under the chairmanship of Mr. William McGill, President of Columbia University in New York, and includes a broad cross-section of leaders from all walks of life. The key section on migration was written largely by a sub-committee directed by Mr. Charles E. Bishop, President of the University of Houston, a major Sunbelt city, who described as "rather unanimous" the endorsement of his report by other commission members.

The report is in no way binding on either this or any future Administration, but is likely to spark vigorous debate.

The thrust of Mr. Bishop's argument is that the Government should recognise what is already inexorably taking place and adapt its policies to smoothing rather than delaying the inevitable.

Provisional data compiled by this year's national census underpin his logic. The Sunbelt stretches from Southern California to Florida, and several cities in it—San Diego, California, Phoenix, Arizona, El Paso, Texas, and Houston for example—have all seen their populations grow by at least 10 per cent in the last decade. At the same time, Boston, Washington, Philadelphia, Detroit and others in the north have experienced drops of similar proportions.

The commission describes the process as "the emergence of post-industrial urban America." A feature of the Sunbelt economy is the growth of light, high technology industry, a good portion defence-oriented, which has proved an attractive job market for the legions of young Americans armed with university degrees as well as for those frustrated by lack of employment opportunities in the industrial north.

The commission suggests that the Government, while not neglecting to alleviate the financial burdens on the older, northern cities, should direct programmes that re-train and re-locate citizens in the Sunbelt, including subsidies to employers.

Ultimately, the older cities will be transformed "from centres of manufacturing and production to centres of service and consumption." This would require that "their 'health' be defined at now, and often lower, levels of population and employment."

At the same time, and in part reflecting the prevailing political beliefs of the Sunbelt, the commission believes that state and local governments should take over many of the urban programmes administered from Washington.

This appears consistent with the philosophy of President-elect Ronald Reagan, whose political strength flows from the Sunbelt.

But other, disparate elements of the report run counter to Mr. Reagan's positions. It wants, for example, the complete "Federalisation" of the welfare system (not least to relieve the older cities of this pressing burden), a system of national health insurance, and passage of the equal rights amendment for women.

It also urges that more public funds be channelled through the political parties to finance elections, which, generally, the Republicans, as the wealthier party, oppose. It also suggests that there be four regional Presidential primaries, rather than the three dozen individual contests that took place this year.

Energy balance still improving

BY DAVID LASCELLES IN NEW YORK

THE DRAMATIC improvement in the U.S. energy balance since prices started rising again two years ago is emphasised by a year-end review released yesterday by the American Petroleum Institute, the U.S. oil industry's trade group.

The API said that Americans used 7 per cent less oil in 1980 than last year, and imports had recently hit their lowest point in five years.

The API also pointed to other encouraging developments. Domestic production of oil and gas, which has been declining since 1970, is up and much closer to stabilising than before. Exploration for oil and gas supplies is also proceeding at a record pace, the API notes.

Coal production is rising faster than expected, though this is due as much to higher exports and stockpiling as to an increase in consumption.

Projects to develop sources of supply like synfuels and oil shale are also under way.

However, the API warns that the U.S. will "remain on a knife's edge of energy supply for several years," because of its continuing high reliance on imported oil—38 per cent of total consumption.

The trade group says this could be improved if the Federal Government takes steps to open Government lands to oil and gas explorers. It also wants environmental rules eased to enable coal to be extracted and burned and it hopes that the way will be cleared for expansion of nuclear power and synthetic fuels.

Latin America growth rates fall

BY HUGH O'SHAUGHNESSY,

GROWTH RATES fell in Latin America in 1980, the average inflation rate throughout the region was nearly 54 per cent a year, and the current account deficit rose by more than 30 per cent to $25bn (£10.8bn).

Such is the preliminary balance sheet which has been presented by Sr. Enrique Iglesias, executive secretary of the UN Economic Commission for Latin America in Santiago, Chile.

The growth rate fell from 6.3 per cent in 1979 to 5.3 per cent this year, he said. This average was exceeded in Brazil, Chile, Mexico, Nicaragua and Paraguay, whereas in Argentina, Bolivia, Honduras and Venezuela the gross national product grew more slowly than the increase in population, so that the per caput product fell. El Salvador was the only country where the GNP fell in absolute terms.

Guatemala and Haiti were the only countries where the rate of inflation is thought to have notched less than 10 per cent. In Argentina and Brazil experienced levels of around 90 per cent in 1980.

The capital account inflows from outside the region dropped this year from $26bn in 1979 to $22.5bn and the surplus on the balance of payments of $7.1bn which the region registered in 1979 was transformed into deficit.

Only the oil exporting countries of Mexico, Venezuela, Ecuador, Trinidad and Tobago, Peru and Bolivia achieved an overall balance of payments surplus.

Venezuela, Cuba in Caribbean tug of war

By Canute James in Kingston

A QUIET but intense diplomatic tug of war is being waged between Venezuela and Cuba over the islands of the Caribbean basin—particularly the small, relatively new English-speaking states of the archipelago.

The battle intensified recently following a contretemps between Sr Luis Herrera Campins, the Venezuelan President, and General Fidel Castro, the Cuban President, over the acquittal in a Caracas court of four men accused of planting a bomb on a Cubana airliner which exploded off the Barbados coast in October 1976. Most of the 73 people killed were Cubans.

Diplomatic observers in the Commonwealth Caribbean have concluded that the Venezuelans feel they are now in the ascendancy, after what are seen as recent "setbacks" to Cuba with the election of conservative governments in Jamaica and several other islands.

Venezuelan interest in the Caribbean islands preceded the recent implementation by the oil exporting country, in concert with Mexico, of an oil rebate scheme which allows purchasers to keep about 30 per cent of their oil bill in the form of loans, either for four years at 5 per cent, or for 20 years at 2 per cent, if the loan is used for domestic energy projects. This will cost Venezuela $700m annually, but is a small part of

President Luis Herrera Campins

the $5.9bn which Caracas earmarked five years ago as foreign aid to the region.

Since 1975, there have also been a series of bilateral agreements between Venezuela and several Commonwealth Caribbean islands, under which the islands have received millions of dollars in project loans from the Venezuelan Investment Fund.

The leaders of the islands have also been visiting President Herrera in a steady stream in recent months, many coming away with agreements not only for financial aid, but for technical assistance and sometimes—as was the case with Grenada—gifts of oil.

The Cubans have also been in the ring, although Havana is likely to be reflecting now on the defeat in last month's Jamaican general election of Mr. Michael Manley, a social democrat and close personal friend of Gen. Castro by Mr. Edward Seaga, strongly anti-Communist, and committed to reducing links with Cuba.

But Havana has several agreements with Jamaica, Grenada and Guyana, next to Venezuela on the South American mainland. Teams of Cuban doctors and construction engineers have been working in these countries, building schools and airports. Scholarships have been offered by the Cubans in construction, medicine and journalism.

But in the quiet heat of this battle, the Cubans are at a disadvantage. A senior official of the Jamaican Foreign Ministry said: "The Venezuelans have what the Cubans have not—money, and lots of it."

With Caribbean island economies battered by ever-increasing oil prices and depressed export earnings for their agricultural products, the Venezuelans, with their petrodollars, are favourites in the race.

Caracas is, however, not admitting that a Caribbean design is a conscious part of its regional foreign policy. Sr. Humberto Calderon Berti, Venezuela's Minister of Energy and Mines, in Jamaica recently to sign the oil rebate facility with the island's government, denied that his country was growing increasingly interested in the Caribbean to combat any undue Cuban influence.

Venezuela's assistance to the islands, he said, ". . . is to illustrate in a concrete way our solidarity with our friends in the area. We are concerned about maintaining political stability in the area. Most countries are suffering from economic problems, and these lead to political instability."

On a recent visit to Barbados, Dr. Hilarion Cardozo of the Venezuelan President's office, said his country wanted to "fulfil its duty" as a member of the Caribbean group of nations.

The Venezuelans do not object to suggestions that they are trying to outdo Cuba in the Caribbean, but they are adamant in denying that they are acting as Washington's proxy.

Tories launch GLC campaig

BY ROBIN PAULEY

THE Conservative majority group on the Greater London Council launches its campaign for re-election in the May elections today with the emphasis on finance and its attempts to keep domestic rates down.

The Conservatives say their proudest achievement has been to pay off £120m of debt inherited from the previous Labour administration, leaving only housing debts to be serviced. This was managed by selling "unwanted" assets, including some large pieces of land.

The policy now is to finance all non-housing capital expenditure from internal resources rather than from new borrowing.

The clearing of debts resulted in a reduction of £18m a year in the cost of servicing borrowings and the Tories claim this is one of the reasons they have kept rate increases during the past four years down to an average of about 4 per cent.

Since the last GLC election the number of full-time equivalent staff employed by the council has been cut by 5,000 or 16 per cent—although some of this has been transferred to London boroughs with a transfer of functions.

The Tories say all the reductions have been achieved by natural wastage or voluntary severance but Sir Horace Cutler, the Tory GLC leader, announced at the Conservative Party Conference this year that the council was about to start making people compulsorily redundant.

Improvements to inner London under a future Conservative administration would involve heavy investment from the private sector. About £80m of private money will go into the new Piccadilly Circus, for example, compared with only £6.5m of public money. The latter will comprise £1.5m from the GLC for road and pedestrian schemes and £5m from the GLC and London Transport for a new underground concourse.

The Conservatives are calling for a building boom in the capital to relieve "an acute shortage of offices" which has made London's office rents the highest in the world at up to £23 a sq ft (compared to £16 in Hong Kong, £15 in New York and Paris, less than £10 in Frankfurt, Geneva and Sydney, and only £5 in Brussels).

The Conservatives defend their housing policy and indicate that, if re-elected, they will not change it. Since the 1977 election the GLC has cut the number of new housing starts from about 6,500 a year to almost nil, saving about £195m a year on the capital account. Since 1977 about 15,000 council homes have been sold, more than 70 per cent to sitting tenants.

But the GLC has also abdicated a large part of its responsibility as a housing authority by transferring most of its housing stock to the individual London boroughs in which it is situated. About 125,000 hous have been transferred and t other 75,000 are about to transferred. A number of t boroughs tried unsuccessfully resist the move which was fou to be permissible by the Hi Court.

It relieves the GLC of n only the administrative respo sibility for housing but also t capital cost of maintenance, u keep and repair. The borough will now have to pay for th although their own housi budgets are, in many case already posing a severe strain o council finances.

There are 92 seats on th GLC of which 63 are Conse vative and 29 Labour. The GL has always swung to Labo during a Conservative admini tration at Westminster and widely expected to go to Labo again in May. Labour's chance have slimmed considerably recent months, however, becau of the bitter internal feudin between the Left and centr wings of the Labour group.

BL 'will need £2bn more cash support by 1985'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AN INDEPENDENT REPORT on the future of BL concludes that the group will need another £1.5bn of Government cash by 1985 as well as a further £500m of private sector finance.

By 1985 BL could be making profits of about £300m, and might provide a key element in the "British economic miracle in the mid-1980s" the Government hopes for.

The author of the report, Prof. Krish Bhaskar, Professor of Accountancy and Finance at the University of East Anglia, who has made a special study of the motor industry since the early 1970s, says that the Government should find the extra cash BL has asked for in its corporate plan for 1981-82.

"Undoubtedly the right course is to authorise the money for both years. This will inspire extra confidence in BL even though the decision would, in any case, be provisional and subject to a review of BL's performance during 1981."

Prof. Bhaskar rejects the idea that the Government might close BL totally.

"The strain on the public-sector borrowing requirements would be greater than the funding needed to give full support to BL . . . Without BL and the new mid-car range, the UK economy would appear even more disastrous than some current economic forecasts."

He suggests that overnight closure of BL would cost 700,000 jobs. There would follow a total collapse of the motor component industry, involving loss of up to 3m jobs and an adverse effect on the trade balance of £10bn.

Prof. Bhaskar's estimates are more pessimistic than most. He says that they result from a detailed survey of the component industry he made in 1875.

Many components concerns would be forced out of business because, though BL accounts for only a third of their sales, loss of volume would make them unviable.

Any attempt to hive off individual operations such as Jaguar, Land-Rover and Leyland Vehicles, the truck, bus and agricultural tractor subsidiary, would in Prof. Bhaskar's view lead to such a truncated organisation that closure of the remaining plants would follow in a few years.

In any case, buyers would be difficult to find for anything but the Unipart spare parts offshoot for some years, because of the recession in the industry, and projected income from sales would not be very large in the context of BL's requirements.

For example, he estimates that Unipart might raise under £50m, Land-Rover about £100m and Jaguar £50m.

Prof. Bhaskar insists that there is no way the Austin Morris volume car subsidiary could survive independently. So if the Government wanted to sell off parts of BL it might finish up spending as much money as would be involved in helping the group back on to its feet in its present full size.

The major danger to implementation of the full corporate plan, he points out, is that industrial relations, which had vastly improved, might deteriorate again.

The present dispute at Longbridge showed that the unions were now willing to match BL management in brinkmanship.

Other factors which could bring Government support to a halt include insufficient sales success for the Metro and the new T54-T45 truck range; failure to build morale in lower levels of management to match the quality of the top team; or failure to overcome the exchange-rate difficulties.

On this last point Prof. Bhaskar estimates that if the pound reached $2.65, it would not only wipe out BL but the rest of the motor industry as well.

Prof. Bhaskar makes the point that not only BL needs help.

He returns to a theme he has previously expressed, that the Government should establish a clearly-stated, long-term industrial strategy for the whole motor industry, as happens in France and other countries.

Even companies like Ford could need support, and many component suppliers are already in desperate straits.

He urges the Government not to believe that market forces can sort out the industry; not least because these same forces do not operate in much of the rest of Europe, North America and Japan.

He recommends that the Government work for EEC barriers against built-up Japanese vehicles. This would help Ford as well as BL. "BL's recovery should not take place mainly at Ford's expense."

Prof. Bhaskar concludes: "There is another reason for supporting BL. To some extent the Government's hopes for an economic miracle are based on companies which demonstrate enterprise, improve their productivity and are properly led and managed.

"BL exhibits all three criteria. The country needs the example of BL—a company fighting against all odds and succeeding."

BL - Tomorrow's Economic Miracle" £15. Ronald Sewell and Associates, 1, Queen Square, Bath BA1 2HE.

● The top three best-selling cars in Britain in 1980 were all made by Ford—the Cortina, Escort and Fiesta. The group claims no manufacturer has previously achieved this clean sweep.

It helped push Ford's share of the new car market to 30.5 per cent from 1979's 28.3 per cent, Ford's highest penetration since 1961.

Because of the 12 per cent market drop, from 1.72m to 1.51m, sales of Ford cars, at about 464,000 were 4.4 per cent, 21,000, down on last year's record level.

Consumers group calls for change in CAP

By Our Consumer Affairs Correspondent

A CALL for a major reform o the Common Agricultural Polic is made today in the annual re port of the Consumers in the European Community group.

The report suggests tha Britain paid too high a pric when it conceded a 5 per cen increase in farm prices earlie this year in return for a settle ment of its budgetary disput with the EEC.

Ms Kate Foss, the group' chairman, says in her repor: "We are looking for a sweepin change of emphasis in the wa the CAP is operated. Con sumers cannot accept mere bureaucratic tinkering in th face of problems on this scale"

The group's report also calls for the EEC to create a directo general for consumer affairs The director general should have the staff and resources t monitor major EEC policies affecting consumers.

The group is also critical of the British Government's atti tude on product liability legisla tion. "The Government should resolve to make manufacturers strictly liable for the damage their products cause," the re port argues.

The Consumers in the Euro pean Community Group was set up in 1978 to co-ordinate the in terests of UK consumers in EEC affairs.

Telxon distributor

IN A SURVEY on Mobile Communications, published on Thursday, December 18, it was stated that Plessey is the distributor of Telxon products in the UK. Although Plessey incorporates Telxon products in its systems, the distributor is Datatrak of Clayton, Northampton.

John Griffiths looks at a 'desperate' bid to corner the Stonefield market

Trying to drive out the opposition

LAND-ROVER'S decision to withdraw from a takeover of Stonefield Vehicles, the Scottish rough terrain truck manufacturer which has been in receivership, should not be followed by any further government aid, the chairman of a rival, Buckinghamshire-based concern has urged.

Developments at Stonefield have been watched with close interest—and disapproval—at the Boughton group, an engineering concern which has a £12m turnover at its Amersham headquarters.

The source of the group's concern lies within a factory backing on to the Hit or Miss, a pub in the nearby village of Penn Street.

It is here that a subsidiary, Reynolds Boughton, is assembling four-wheel drive, cross-country trucks aimed at similar markets to those sought by Stonefield.

Mr. Trafford Boughton, Boughton's chairman, argues that Penn street could produce Stonefield's potential yearly sales of 2,500 vehicles. Stonefield had received government aid and failed: there could be no justification for handing over more money, he says.

He said as much in a letter to Sir Keith Joseph, the Industry Secretary, when a delegation of redundant Stonefield employees brought a Stonefield truck to the Commons in October to argue for a reprieve: "Why should Boughton have to compete, as a taxpayer, ratepayer and carrier of all its development costs, with a subsidised operation that has not worked?" he asked Sir Keith.

Mr. Boughton claims he was being perfectly serious when he suggested that if the Government was to provide more help to Stonefield, it would knowingly be inflicting redundancies on Boughton.

But whether Stonefield is still rescued, or if the Boughton RB 44 trucks which have been rolling out of Penn Street for the past year flop of their own accord, the effects would be far less catastrophic for Boughton than for its Scottish rival, based in a high-unemployment area at Crumnock, Ayrshire.

The Boughton truck has found 100 buyers since production started at the end of 1979. That compares with just under 100 sold by Stonefield before the receivers were called in.

The RB44 is being made at the rate of two a week because of the current motor industry recession. But Penn Street has the capacity to build 500 a year. If demand has to exceed this, one of the group's seven other factories could be used to bring output up to 1,000 a year (Boughton believes Stonefield was correct in identifying a 2,500 annual world-wide market for such trucks, but that it is a total market, for a share of which UK makers must fight with rivals such as Hino of Japan and Daimler Benz's Unimog).

The advantage Boughton claims to possess over Stonefield is the diversity of its operations. Now in its 84th year, and built up from the original business of supplying and servicing agricultural equipment, the group embraces a wide field of motor body and engineering activities.

"With management and development overheads already being borne by existing business, the RB 44 can be profitable at low levels of output," says Mr. Boughton. "Future manufacturing of RB44s is not, therefore, likely to be discontinued because British or overseas sales fail to reach a certain minimum level of viability."

The company, which has its own foundry and semi-automated fabrication facilities, claims to be "almost completely independent of outside help"—circumstances which partly explain the RB44's low quoted development costs of £200,000.

But the truck itself is extremely simple. It uses a simple ladder chassis which, like the four-wheel drive transfer box, is designed and built in Boughton. The driver's cabs are slightly modified Ford "A" series units which are supplied, with engines and gearboxes, from the Ford truck plant 10 miles away at Langley.

It is rated at 5½ tons gross vehicle weight which, with the basic chassis-cab weighing two tons, gives it a payload advantage over the Stonefield, which is rated at 3½ tons gross. But Boughton's abilities have come in for criticism by supporters of Stonefield, which gained a high reputation during military trials.

Mr. Jim McConnachie, divisional organiser for AUEW-TASS in the Crumnock area and one of the leaders in the fight to save Stonefield, says: "It must be a desperate man who would go so far as to write to Sir Keith and state that it would be 'against the national interest' to save Stonefield.

"Boughton has certainly cut the cost of its development compared with Stonefield. But anybody could have. All they have done is take a production A series and modify it."

In the circumstances, claim and counter-claim is inevitable. For its part, Boughton asserts that its RB 44 has versatility equal to the Stonefield, and has matched it in tests with the Army's 105 mm light gun, and The Swingfire and Rapier II missile systems. It claims equal versatility in civilian uses: 43 were recently sold to the Southern Electricity Board for hydraulic platforms while a small fleet has gone to New York City as cesspit emptiers.

As with Stonefield (presuming it does find another rescuer), the key to substantial success lies with military orders, and in particular from the UK military as a reputation booster in dealings with overseas buyers. Thus in one sense Stonefield has taken a step ahead with the Ministry of Defence's undertaking to buy some if production resumes.

But Mr. Boughton says his company can keep production ticking over until military orders appear, or the non-military market comes out of recession.

To fall back on, it has:

● A £3½m truck body building operation — most notably a long-standing association with Beford, for which it makes heavy truck bodies for the Middle East and Africa.

● Some £3½m a year in winches, power control units, gearboxes, 70-ton oil pipeline cranes and other oil industry equipment.

● About £3m a year in rubbish compactors and waste control systems, run by a subsidiary called Anchorpac, which earned a Queen's export award in 1977.

● It also has £2½m from an annual output of about 350 fire tenders and "rapid intervention" crash tenders.

The last includes Boughton's "flagship" — a 37-ton, 700 horsepower crash tender in use at airports from New York to Singapore, and built in conjunction with Chubb Fire Security.

1981 house prices likely 'to rise by only 10%'

By Michael Cassell

HOUSE PRICES are unlikely to rise on average by more than about 10 per cent during 1981, says the Anglia Building Society.

Mr. Peter Moreton, chief surveyor of the Anglia, writing in his year-end review, says that people selling homes in the next few months may, as at present, have to be content with selling at less than asking prices. As 1981 progresses, however, there should be a gradual return of confidence with a consequent upturn in prices.

Mr. Moreton adds: "This would be a reverse of the pattern of 1980 when prices came—at best—to a standstill halfway through the year. In the coming year, it could well be during the summer that prices start moving again."

The Anglia says that prices for new homes rose on average by 8.8 per cent during 1980. Prices for houses built before 1919 increased by about 14.6 per cent while prices for those built later rose on average by 8.4 per cent. There were, however, considerable regional variations, particularly for pre-1919 properties.

The year-end report says that, in present uncertain conditions, many existing home owners have opted out of the market and often choose to modernise what they already have. Mr. Moreton says: "It is often cheaper to improve than to move. There is a fashion for self-help in housing which really seems to have taken off in the past year. We can never recall seeing such a level of activity on existing property and this is borne out by our lending figures and a sample survey of the use to which further loans are put."

In 1980, the Anglia lent 22 per cent more money than in the previous 12 months for additional home improvements and the trend is still rising.

Mr. Moreton adds: "Despite the self-help element, a great deal of the work of extension and rejuvenation goes to builders and with such a labour-intensive industry so badly hit, this is an area of activity that has been welcomed."

● Most estate agents do not believe the private housing market will pick up until mortgage interest rates fall further, according to the latest survey carried out by the Incorporated Society of Valuers and Auctioneers.

The ISVA says its members do not believe the 1 per cent reduction in mortgage rate to 14 per cent, due to take effect from Thursday on existing loans, will in itself lead to a more buoyant market.

At the same time, however, most agents believe the near-standstill in prices recorded during 1980 is almost certainly over. Of the agents questioned in an ISVA poll, over 90 per cent said they believed price rises were certain in the coming months and that "significant" increases would be in evidence by the spring or early summer.

Estimates on the likely extent of average price rises next year varied from 5 to 25 per cent, although most agents said they did not believe a property price "boom" was on the way. The market generally would be held in check by the economic climate.

New homes outlook 'brighter'

By Michael Cassell

A BRIGHTER outlook for private home-building next year has been forecast by Mr. Andrew Tait, director general of the National House Building Council.

In his annual review of the housing scene, Mr. Tait says private sector housing starts this year reached only 96,000 units—one of the lowest levels for over 50 years. Builders completed about 120,000 new private homes.

In 1979, a start was made on 141,000 private homes while the industry managed to complete about 135,000 new properties. Most predictions have suggested that there will be no significant improvement next year, and that the number of homes completed could fall further.

But Mr. Tait says there are three reasons why 1981 should be a better year. Last year, house prices rose at a much slower rate than average earnings and the deposit which first-time buyers must provide has been falling. At the same time, interest rates are falling.

"The housing market is a pyramid. These changes will enable more first-time buyers, at the foot of the pyramid, to afford to buy. For new housing, the picture is further improved by the fact that many builders have switched production to starter units to cater for households of one or two people."

Mr. Tait believes that private house building can help Britain out of the slump as it did in the 1930s. Despite a severe cut-back in public housing, production then rose steadily from 170,000 houses in 1931 to 340,000 in 1934 and remained above that level until the war.

Underwriters face £1.5m bill

BY JOHN MOORE

OVER 300 underwriting members of three Lloyd's of London insurance syndicates have been asked to provide a total of £1.5m from their personal fortunes to solve the syndicates' cash-flow problems.

The syndicates were under the management of Ashby and Co., who looked after their affairs. In August 1979 the three Ashby syndicates — numbers 753, 751 and 757—and two other syndicates stopped trading because of fears that one of the syndicates may have breached its premium income limits.

Lloyd's formed a special company to provide emergency management services for underwriting agencies whose syndicates run into difficulties. The new company was called Additional Underwriting Agencies and it took over the management of the Ashby syndicates.

The City of London police fraud squad was called in by Lloyd's at the beginning of this year to investigate possible irregularities in the business transactions of the five Lloyd's underwriting syndicates. The inquiries are still going on.

As a result of a meeting of underwriting agents, members of syndicate 753 and 751, principally a marine syndicate which insured related business, are to be asked for a total of £900,000 for the 1979 underwriting year by January 31.

For individual members of the syndicate, it could mean a payment for each member of between £1,000 and £4,000 depending on the amount of insurance business they had accepted on their own account.

The problem has been caused by the syndicates' suspension from trading which means that premium volumes have shrunk at a time when claims have become due and there has been a delay in payment from reinsurance groups, one of which is based in Hong Kong.

While the syndicates have received payment from reinsurers, delays on outstanding claims have created a cash flow problem which has caused the cash call.

On the livestock syndicate, number 757, underwriting members face a cash call in total of about £600,000, representing an average individual call of £2,000. This is for the 1978 underwriting year, which many livestock insurers reckoned was one of the worst trading accounts in memory. Already members of that syndicate have had to put up additional funds of about £1,000 each.

The total cash call for the syndicate was described by a member of Additional Underwriting Agencies as a bridging operation. There could be further calls because of lack of premium flow, and overall poor trading conditions.

Cars and lorries dominate transport

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

TRANSPORT IN Britain is dominated by the private car and the commercial lorry. Both groups have grown rapidly at the expense of public transport in all its forms, says the Government's annual review of transport, published yesterday.

Private transport accounted for 80 per cent of all passenger transport last year compared with 35 per cent 25 years ago.

The passenger railways and coach and bus services all lost business over the period to the private car and motorcycle.

The railways' share of available passenger kilometres—the measure of passengers and the distances they travel—fell from 18 per cent in 1954 to only 7 per cent last year. Buses and coaches, which accounted for 38 per cent of traffic in 1954, took only 11 per cent of total traffic volume last year.

The greatest increase in road traffic in the decade to 1979 was accounted for by car traffic, up 45 per cent. Bus and coach traffic fell 11 per cent. Motorcycle and bicycle traffic, which declined up to 1972, has increased steadily since.

Demand for private cars looks set to increase steadily for the rest of the century and into the first decade of the next century. This is inspite of the higher growth rate in consumption of increasingly expensive energy for transport than for all sectors taken together.

By the year 2010 the Transport Department forecasts that between 40 and 47 per cent of the total population of Great Britain will own cars. This compares with 26 per cent of the population in 1978 and 17 per cent in 1965.

Growth rates for lorries are even greater, and by 2000 69 per cent more lorries are expected to be in use than in 1978. By 2010 the total number of lorries is likely to be 88 per cent higher, says the review.

Road transport already dominates Britain's freight transport sector. Last year road haulage accounted for more than five times as much movement of goods as the railway. Ten years ago the road sector carried only three times as much goods traffic.

In terms of tonnes of goods carried, British Rail carried only 11 per cent of the total goods traffic carried by lorries in 1979, 169m tonnes compared with the 1.5bn tonnes carried by road.

Transport in all its forms accounted for 23 per cent of total energy use last year. In the past decade energy use by transport grew by almost a third while total energy use grew by only 9 per cent.

The average household spent £13.13 a week on all forms of transport last year.

Transport statistics Great Britain 1969-1979, SO, £18.50 net.

● EEC regulations covering the maximum time at the wheel for commercial vehicle drivers come into full force on January 1. The measures affect all journeys by these drivers in the UK.

The maximum driving time each day is eight hours, and the maximum continuous driving period is four hours. The maximum weekly driving period is 48 hours, and the maximum fortnightly driving period is 92 hours. The minimum daily rest period is 11 hours and the minimum weekly rest period is 29 hours.

DRINKS BAN ON SOCCER TRAINS

ALL BRITISH RAIL passengers using the main London and Scottish stations will be affected by plans to curb hooliganism by football fans travelling to the England-Scotland match at Wembley on May 23, writes Lynton McLain.

The station buffets at Edinburgh, Glasgow, Carlisle, Euston and King's Cross will not serve alcohol over the three days before the match, on the day of the match and for two days afterwards. Station off-licences will also be closed.

Passengers carrying alcohol on to trains will be turned off, police will travel on the trains and all passengers will have to have a seat reservation.

Scandinavia air fares cut in winter deal

BY LYNTON McLAIN,

AIR FARES between Britain and Scandinavia are to be cut by up to half in February and March, British Airways said yesterday.

Up to now, fares on these routes have been among the highest in the world. But British Airways' new two-month "Snowflake" offer will make the return fare from London and Manchester to Copenhagen, £59. The Apex fare is £102.50.

The new fare from London to Oslo, Gothenburg and Stockholm will be £69 return. The normal Apex fare to Oslo and Gothenburg is £110.50, and £135 to Stockholm.

Scandinavian Airlines System (SAS) is to make similar reductions for the period.

Reservations for the new fares, which will apply only on midweek flights are available until the end of January. Passengers can stay for from between five days and one month at their destination. Reservations cannot be changed.

● A total of 2.8m passengers used the British Airports Authority's seven airports in November — almost the same figure as for the same month last year.

Traffic at Gatwick increased by 7.5 per cent, while at Heathrow, the total number of passengers fell by almost 2 per cent. But U.S. traffic to and from Heathrow increased by 2.2 per cent.

At Aberdeen Airport in Scotland, helicopter passengers serving the North Sea oil platforms increased by 20 per cent compared with the same month last year.

Yellow Page advertisers to get free advice

MAJOR CHANGES, including the ending of commission payments to advertising agencies, are planned for Telecom's Yellow Pages next year.

ITT and the U.S.-owned General Telephone and Electronics Corporation won the Post Office contract last year after the International Thomson Organisation lost the major part of the Yellow Pages contract which it held for 14 years.

The two new Yellow Pages sales contractors will offer advertisers free help in design, copywriting, scheduling and marketing. They will also offer art work services at competitive rates. The contractors, who were appointed in August 1979, will start work on January 5.

Drinks cutback

FOUR HUNDRED employees at Norwich Brewery are to go on a four-day week next week. The short time is expected to last for about seven weeks, and the brewery blamed the recession for reduced demand.

Food expansion

LOCKWOODS FOODS is to expand its canning factory at Long Sutton, Lincolnshire, creating 60 jobs. The company applied for planning permission after announcing the closure of its factory at Boston Lincs, where 400 workers will become redundant.

Rail beats road

PROPOSALS by Lothian Regional Council to open four railway stations in the Edinburgh area have been strongly supported by Friends of the Earth. The council will abandon major road plans.

Photographic slump

NEARLY 30 workers at specialised photographic equipment firm Littlejohn Graphic Systems Ltd of Wellingborough, Northants, will lose their jobs when they return from the new year holiday, because of a slump in orders.

Middle East order

EXTRA STAFF have been taken on by soft drinks company Rimark Ltd of Wellingborough, Northants, to handle a £150,000 order for the Middle East.

Winter sales open with brisk start but doubts about future

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE WINTER SALES got off to a brisk start, according to retailers throughout the country yesterday, although shoppers seem more discriminating in their purchases this year.

Shops reported the usual long queues and scrambles for the traditional big price reductions, but the volume of bargain-hunting shoppers in the North and Scotland may have been dampened by the poor weather on Saturday.

In the South most retailers who began sales on Saturday reported exceptionally heavy trading.

Debenhams said its sales were up by 55 per cent on Saturday compared with the first day of the sale last year. Army and Navy Stores reported trade some 30 per cent higher this year.

But Debenhams said yesterday that it had tried "very hard" this year to boost sales, with a high percentage of specially purchased items on offer. Debenhams sales have been running some 22 per cent above last year's level.

Retailers are generally anxious for a good trading start to the post-Christmas selling Christmas period to offset the expected slump in demand once the impact of the price cuts wears off.

Most stores said that the late sales surge in the days before Christmas continued right up until Christmas Eve.

"Christmas was very late in coming, but when it happened it happened like a bombshell," said Mr. Terry Curry, joint managing director of Currys, yesterday.

Tesco also said that it had had a very busy time in the past few days before Christmas, although it, like a number of other major supermarket chains, was closed on Saturday and did not start its sale until yesterday.

One of the biggest sales in London will open today at Selfridges. The company said yesterday that it expected more than half-a-million people to visit the store during the sale period, spending more than £2m.

Harrods' sale, the other major one in London, starts on January 10.

Many retailers, however, remain worried that after the initial lure of the bargains on offer wears off, consumers may become very choosy in spending their money.

Most stores believe that the next few months may be the toughest they have ever faced, after a year when shop sales have been far from good.

Euro-loans worth £56m granted

BY JAMES McDONALD

THE EUROPEAN Investment Bank (EIB)—the European Community's bank for long-term finance — has granted loans worth £56.5m in the UK, mainly towards energy, transport and water supply schemes.

British Nuclear Fuels is receiving £20m to help finance its share in the Urenco gas centrifuge uranium enrichment plant being built at Capenhurst, Cheshire, in co-operation with German and Dutch interests. The EIB has already lent £60m for this project because of its importance in helping to reduce the Community's dependence on oil imports.

Another three loans, worth a total £24.5m, have been made to the National Water Council—£15m for North West Water Authority schemes, £6m for schemes in the South West Water Authority area, and £3.5m to the Welsh Water Authority to help finance works in southwest and south Wales.

The British Railways Board has received a £5m loan towards the £10.8m cost of four high-speed 125 mph diesel-electric trains to be operated next year between Teesside and Humberside and London.

Another £3m loan goes to Lancashire County Council for construction of part of the Calder Valley Motorway (M65), and the City of Edinburgh gets a £4m loan towards a £9.4m slaughterhouse complex at Gorgie to serve the Lothian, Fife and Border regions of Scotland.

Lord Boardman confirmed in Tory post

BY RICHARD EVANS, LOBBY EDITOR

THE appointment of Lord Boardman as joint treasurer of the Conservative Party was confirmed yesterday by Mrs. Thatcher.

Lord Boardman, a former Industry and Treasury Minister in Mr. Heath's Administration, will share the Treasury job with Mr. Alistair McAlpine, who has been an effective Party fund-raiser for nearly six years.

Party officials yesterday continued to deny reports of a Central Office row, but party workers remained convinced that one reason for the change is the dissatisfaction felt by Mr. McAlpine at the appointment of Mr. Alan Howarth as a Party vice-chairman.

In addition, Mr. McAlpine, a director of the construction company Sir Robert McAlpine and Sons, has told Mrs. Thatcher he wants to phase out his Party role in order to concentrate on his business interests. Mr. McAlpine is in Australia.

If, as expected, he ceases to be a joint treasurer in the summer, Mrs. Thatcher will have to decide whether to leave Lord Boardman in sole charge of fund raising or to appoint a newcomer to share the task.

Expansion reported in small businesses

By James McDonald

THERE has been a marked increase in the number of new small businesses, the London Enterprise Agency believes.

The agency, established by nine big companies to help small concerns grow, sees hope for a revival of small business in the UK, although it may take five years before the results are visible. Since April last year, 83 have been started.

The recession may even be helping the growth of small businesses, the agency suggests, "in that executives and middle managers, shaken out from both the private and public sectors, are turning towards self-employment."

It says small businesses, particularly in manufacturing, are being hit by the downturn in economic activity but argues that their flexibility means they can ride a recession better than larger companies.

"The usual damage is done in the last third of the recessionary period, when large firms cease to be a source of orders and sub-contracting. There are, however, signs this time that large companies are not only encouraging 'hive-offs' but are also looking to placing increased orders with small firms," says the agency.

The companies which set up the agency were Barclays Bank, British Oxygen, British Petroleum, GEC, IBM, the Industrial and Commercial Finance Corporation, Marks and Spencer, Midland Bank and Shell.

From April, 1979 to November this year, the agency received 2,000 inquiries and has given counselling help to 500 small concerns. Other companies have been directed into the agency's training programme or to the "marriage bureau" launched this year to link small companies with potential investors and partners.

This bureau, says the agency, now receives 120 inquiries a month and some "marriages" have already taken place.

Inquiries to the agency have shown that the cost of finance is a problem but lack of premises and markets are greater restraints. More help in marketing with regular exhibitions for UK and overseas buyers, is planned.

'Scotland to lose 60,000 more jobs'

By Ray Perman, Scottish Correspondent

A FURTHER 60,000 jobs are likely to be lost in Scotland in the coming year as a result of a slump in industrial investment, the Scottish Council Research Institute said yesterday.

In its fifth annual survey of investment intentions by manufacturers, the institute forecasts that spending on plant and equipment will fall by nearly a third in real terms in 1981 and that most of the money will be used for replacements rather than to increase capacity.

Companies were asked to give a high and a low estimate of their likely expenditure in the next 12 months. With returns from 676 companies, the institute estimates that investment will be between £504m and £647m. This compares with a 1980 spread of £698m to £756m.

Mr. Douglas MacDonald, chairman of the institute, said that with a few exceptions, such as oil-related manufacturing, brewing and distilling, the picture was almost uniformly depressing.

The heaviest loss of jobs was likely to occur in textiles, the motor industry, coal mining, chemical manufacture, paper-making and printing and publishing.

Although employment was not directly related to investment, the steep downward trend indicated a heavy loss of jobs. As many as 25,000 could go in the manufacturing sector in 1981, and across the economy as a whole the total loss of jobs could reach 60,000.

With the number of unemployed in Scotland now above 250,000, it was likely that by the end of next year the figure would pass 300,000, Mr. MacDonald said.

The only saving grace was that 1981 would see many companies leaner and fitter to take advantage of the economic upturn when it occurred. In common with other forecasters the institute expected demand to start rising at the end of next year.

Mr. Craig Campbell, director of the institute, said the Scottish economy was undergoing a dramatic structural change. It was moving away from capital goods towards the production of consumer goods.

If Scotland was to keep ahead of this change and keep control of its industry it must encourage the creation of more small companies which would have their headquarters in Scotland.

Seamen to seek national strike

BY PAULINE CLARK, LABOUR STAFF

UNION representatives of 12,000 seamen in Hull have called for a national seamen's strike in the New Year in pursuit of a 15 per cent pay claim.

A branch meeting of 25 local National Union of Seamen officials in Hull was said yesterday to have decided unanimously to press NUS leaders for a national strike because of dissatisfaction with the limited effects of local action over the issue.

Branch representatives of ferry service seamen in Southampton, Weymouth and Portsmouth meet in Southampton today to discuss disruption which could affect the British Rail Sealink service and ferries operated by Townsend Thoresen.

Further meetings are planned by seamen in Dover next Monday.

In Liverpool yesterday passenger ferries between Liverpool and Belfast were threatened when seamen on the Ulster Prince, one of the two P & O car and passenger ferries, voted for a 48-hour stoppage from noon tomorrow.

Seamen in the ferry services decided to withhold action last week to avoid disruption over the Christmas holidays.

The General Council of British Shipping said, however, that four ships were held up yesterday, including a coaster on the Mersey and a small chemical cargo vessel on the Tees. Two ships prevented from sailing from Cardiff for the past few days remained unable to leave port.

Union officials expected increasing action over the next month and thought it "very likely" that cross-Channel ferries could be brought to a halt. But any move towards national strike action would have to go to a second ballot of members.

Print union chief appeals for greater discipline

BY JOHN LLOYD, LABOUR CORRESPONDENT

A PRINT UNION leader has made a plea for greater discipline in the printing industry, and has said some of the industry closures were partly due to union action.

The appeal comes at a time when the Newspaper Publishers' Association, representing national newspaper owners, is attempting to draft an agreement aimed at ending unofficial stoppages in Fleet Street, which it hopes unions will accept as part of their 1981 wage settlement.

Mr. Owen O'Brien, general secretary of the National Society of Operative Printers, Graphical and Media Personnel, argues in the latest issue of the Natsopa Journal that the greatest problem the newspaper industry faces is that "the actions of any section of a union can have resounding effects on other colleagues in the industry who have no control over the events."

Mr. O'Brien says the 1976 Programme for Action, which aimed at bringing new technology to Fleet Street and cutting unofficial strikes, but which was rejected by union members, was possibly "too futuristic."

"But it would have held all the unions to a proper Disputes Procedure so that the events which have plagued the industry, and in fact caused some of the closures mentioned, probably could have been avoided."

The agreement the NPA hopes to conclude with the unions next month would include a clause to enforce observance of the pledge in the various house agreements to refrain from unofficial action.

Pressure for pay equality

BY OUR LABOUR STAFF

THE TUC has called for a strengthening of the Equal Pay and Sex Discrimination Acts because it believes Government policy is aimed at "pushing women back into the home" and disguising the true level of British unemployment.

With the Equal Opportunities Commision due to recommend to the Home Secretary next week a series of amendments to the Acts, the TUC yesterday said it did not believe Britain's equal pay legislation complied with European Community law.

The TUC said it would tell the European Commission that Britain's Equal Pay Act did not contain a clear definition of "equal pay for work of equal value" and thus did not effectively eliminate discrimination on sex grounds.

Lord Gowrie, Minister of State at the Department of Employment, had written to the TUC expressing his belief that Britain's legislation in its present form was adequate. But the European Commission's expressed opinion last July that Britain was in default of Article 119 of the Treaty of Rome.

Christian Tyler reports on the growing ties between unions across the Atlantic

TUC to tighten links with U.S. brothers

RELATIONS between British and U.S. trade unionists could become more productive because of the similarity of economic conditions on both sides of the North Atlantic, according to British TUC leaders.

A series of regular exchanges between the two union federations is being planned.

The TUC in London has detected in some recent policy statements of its U.S. counterpart, the AFL-CIO, an echo of its own strategy for reforming the economy, and in particular for revitalising the industrial base.

The election of Mr. Ronald Reagan to the U.S. Presidency suggests to British trade unionists campaigning against Mrs. Margaret Thatcher's monetarist management of the British economy that a similar campaign will develop in the U.S. despite the "business unionism" tradition of American labour.

Social role

This impression was reinforced by a recent exchange of delegations between the economic committees of the two trade union bodies.

Much of what the AFL-CIO has called for in its "anti-recession programme" could have been plucked directly from the TUC's annual economic review — now being updated for publication, probably in February.

For example, the U.S. unions say direct job creation programmes would be a more efficient and less inflationary way of reducing unemployment than general tax cuts or kinder tax treatment of businesses.

The AFL-CIO, like the TUC, puts much emphasis on the economic and social importance of public services, not only to soak up redundant labour in a service-orientated economy, but also to improve the infrastructure for private manufacturing industry.

A flavour of the resemblance between American and British trade union thinking is provided by the following extract from a recent AFL-CIO report.

"The lost production and the lost investment resulting from the current recession are inflationary factors for the future. Interest rates, the money supply and tax and spending policy should be geared to healthy and balanced growth rather than recession, joblessness and stagnation.

"The fiscal actions of the Government should be directed to countering the recession and softening the economic crunch felt by the unemployed and the poor. It is time for a massive undertaking to put people back to work and to alleviate their suffering."

The main stress of the AFL-CIO's prescription is on public works—improving mass transport by rail, air and road, advancing housing programmes to help the shortage felt by poorer families, and hiring the unemployed to weather-proof schools, hospitals and houses in order to reduce the country's energy bills.

In its next review of the UK economy, the TUC is likely to put its emphasis more on reversing what it sees as the decline of the British welfare state than on the kind of new public works programme espoused by its U.S. counterpart. But the analysis and conclusions are much the same.

After a visit to Britain this month by members of the AFL-CIO economic policy committee, the TUC said the two federations were "determined to build on these successful discussions," maintain close contact and extend the areas of co-operation.

It said the TUC and AFL-CIO were faced with increasingly similar political and economic climates with unemployment reaching "alarming" levels in both countries.

"The discussions revealed the many areas in which the two organisations share an analysis of the policies which should be adopted to get back to full employment."

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Inflation helps to improve buyers' status

BY NICHOLAS LESLIE

INFLATION MAY be one of industry's biggest headaches, but it has done wonders for the status of purchasing personnel. With prices of materials and supplies moving inexorably upwards, more and more companies are beginning to recognise the need to get the keenest prices for their purchases. And a growing band of purchasing managers has been given greater responsibility to help realise this objective.

This is the message that emerges from a new report on purchasing, published by the British Institute of Management in association with the Institute of Purchasing and Supply. While the report is understandably partisan in presenting a favourable view of the purchasing role, it has nonetheless backed up its conclusions about the improved status of the job with the views of 208 companies, ranging in size of turnover from £1m to over £500m.

The report notes that the title of "purchasing officer" has now virtually disappeared and that 36 per cent of the organisations in its survey use the title "purchasing manager," indicating the improved status of the role. "A further measure of this improvement can be seen from the fact that in 36 per cent of all organisations the 'head' of purchasing reports to the managing director or chief executive, while in 5 per cent he reports directly to the board."

Improved status has led to more top personnel being sought from within the ranks of purchasing. Indeed, 60 per cent of heads of purchasing in the survey came from within the purchasing function, having previously been chief buyer or assistant purchasing manager or something similar. This is in "marked contrast" with a 1974 survey that found that 14 per cent came from production and 29 per cent from marketing. Comparable figures in the BIM survey showed only 9 per cent coming from production and just 4 per cent from marketing.

The report attributes this trend to a rapidly growing recognition of the particular expertise required in effective purchasing. "The movement had its impetus in the post-1973 period, when sharp inflation placed instant emphasis on cost control. A series of major industrial strikes emphasised the benefits of a flexible purchasing policy aimed at maintaining supplies to organisations."

In the early 1970s there was also "a marked increase in the number of university graduates who were specifically recruited into the purchasing profession."

A surprising finding is the number of companies that do not bother to analyse the contribution of purchasing departments. While purchasing can make a positive, often significant contribution to profits, says the report, "only half the organisations in the sample said that the company procedures identified the contribution of the purchasing department to profits." And this in the context of the fact that in manufacturing industry the cost of purchased materials and components can account for 50 to 60 per cent of sales revenue.

Expertise

Sixty-nine per cent of the sample claimed that their purchasing departments had the required technical expertise to question the necessity and validity of items to be bought. Additionally, inter-company consultations were significant, with 80 per cent saying that discussions took place between purchasing, design and production departments.

In general, the purchasing executive is less well paid than his counterpart in production and sales and marketing, a situation that the majority of purchasing heads are well aware of. It is also noticeable, says the report, that where purchasing is a separate function the department head is much better paid than in cases where the job is integrated with another function.

The Purchasing Function, by Brian Farrington and Michael Woodmonsey, available from BIM, Management House, Parker Street, London, WC2B 5PT. (£7.50 or £5 for BIM members + 10 per cent p & p.)

ACCOUNTANCY

Bankers' bad debts: an auditor speaks out

BY MARTYN TAYLOR

Michael Lafferty, Banking Correspondent of the Financial Times and a chartered accountant, has written a number of articles since mid-1979 which have been critical of the accounting practices of the big London clearing banks. In these he has expressed the view that the clearing banks have been creating and maintaining excessive provisions for bad and doubtful debts. If this is the case, the reported results of the clearers will have been distorted from one year to the next, while the amount of their shareholders' funds will have been understated in the balance sheet.

Michael Lafferty has reported that a number of bank auditors and directors hold this view, and would like to see the banks adopt a more realistic provisioning policy.

Within the past few months he has reported that Barclays Bank is considering reducing the amount of its bad debt provision by writing the general portion into shareholders' funds. Furthermore, Peter Graham, the group managing director of Standard Chartered Bank, has expressed the view that his bank's general provision was not a provision at all, but a reserve. He is now holding discussions about the matter with the bank's auditors, Deloitte Haskins and Sells, and Peat Marwick Mitchell.

In the following article Martyn Taylor, a senior bank audit partner with Deloitte Haskins and Sells, gives his view on a debate which has caused considerable controversy both in banking and the accountancy profession. It is the first time that an auditor has spoken out in public about the matter.

OVER the *past few years* the press and financial journals have given considerable attention to the banks' bad and doubtful loan provisions. Indeed, the impression may have been given that this one topic *was fundamental to the future* of the whole UK banking system. Interest has been stimulated by reports that the banks were maintaining "secret reserves," that their accounts were in breach of the Companies Acts and that the Department of Trade was to investigate their accounts.

The reason for this interest is that banks have traditionally maintained two types of provision for bad and doubtful loans: first, specific provisions to cover those loans which a bank has positively identified as bad or doubtful at the balance sheet date; and, second, a general provision, created for purposes which have been variously described, but intended in any event to cover loans not covered by the specific provision. It is around the general provision that the main controversy has been generated.

Recently, two of the major UK banks have announced that they are considering abolishing their general provisions. It therefore seems an appropriate time to present a viewpoint which so far has not been publicly expressed, that of an auditor. Although the views in this article claim to be no more than my own thinking, I suspect that they also reflect the current thoughts of many other auditors.

In any discussion of a bank's general bad and doubtful loan provisions it is logical to start by considering the statutory basis for such a provision.

The Companies Act 1948 (Schedule 8) defines a provision as "any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability of which the amount cannot be determined with substantial accuracy."

While it is generally accepted that specific provisions for bad and doubtful loans fall within the scope of this definition, considerable disagreement exists as to whether general provisions, and especially those of the major banks, so qualify. It has been suggested that the point at issue is the word "known," in that a provision must relate to a known liability and that therefore a "general provision" for unidentified bad and doubtful loans is a contradiction in terms, since it relates to an unknown liability.

This argument is not wholly convincing, since the word "known" is used in the Companies Act to qualify the word "liability," but not to qualify the words "depreciation, renewals or diminution in value of assets" and, in any event it is no criticism of bankers to state that they are not infallible and that they cannot and do not identify fully all their existing bad and doubtful loans at any one time.

Doubtful

This is the crux of the matter, for it is the practical impossibility of identifying specifically all bad or doubtful loans (which on any reasonable assumption are likely to exist) which the general provision seeks to remedy. It represents, or rather should represent, an estimate of the difference between the provision required for the bad and doubtful loans which exist at the financial year end and those which the bank has been able to identify specifically. A failure to identify specifically all bad or doubtful loans is not normally a reflection of inefficiency on the bank's part, but a reflection of the fact that it is impracticable for a bank to do so.

Clearly, a general bad and doubtful loan provision, as defined above, is not a reserve and is not illegally described as a provision. It represents, together with the specific provision, the best estimate of the amount required to provide for the "diminution in value of assets" which has actually taken place.

However, if it could be determined that the general provision, together with the specific provision, exceeded the provision required for the bad and doubtful loans which existed at the balance sheet date, then clearly it could not all be properly called a provision and any excess, if material, should be written back.

It is largely this potential for overstatement which has generated the interest and concern of the financial press. Journalists and analysts have rightly maintained that, to the extent that the general provisions are overstated, they are in contravention of the Companies Acts.

Similarly, the provisions will be overstated to the extent that they represent amounts set aside to cover future losses. "Future losses" in this context means both (i) losses which may arise, in respect of loans outstanding at the balance sheet date, from events occurring after the expiry of the period reasonably required for the preparation and approval of the financial statements; and (ii) losses on loans entered into after the balance sheet date. Although many bankers consider that it is prudent to provide for such future losses, there can be no doubt that any amounts provided for this purpose are not, under existing UK company law, amounts which can legitimately be deducted from the balance sheet total of loans. They are contingency reserves and as such should be disclosed in the balance sheet as part of the shareholders' funds.

If, as has been maintained by some, the clearing banks' general provisions for bad and doubtful loans have been overstated, this is perhaps not surprising, given the traumas which they have experienced: until the 1970s they were entitled, by virtue of their exemptions under Schedule 8 to the Companies Act 1948, to maintain hidden or inner reserves; from 1971 onwards they were required by a statutory instrument which withdrew their previous exemptions, to present accounts which showed a true and fair view. In drawing up their first accounts on true and fair principles the clearers adopted procedures recommended by the "Leach Lawson" report which were regarded, at the time, as a practical working basis by the accounting profession and the financial community as a whole; then from about 1976, for no apparent reason other than perhaps the debacle of the secondary banking crisis, some of the Leach Lawson rules began to be viewed with disfavour by non-bankers. Eventually in 1978 Leach Lawson was abandoned by most of the UK clearing banks.

Confused

Given this rapid shift from the allowance of hidden reserves to a questioning of the general provision itself, it is hardly surprising that banks are confused about what is expected of them. However, to a great extent, the responsibility for any such confusion must lie with the banking industry itself and the accountancy profession. With hindsight it can be said that both bodies have been lax in determining and promulgating reasonable and uniform accounting and disclosure requirements for the banking sector, which is one of the most complex and important elements of our economy.

(This is part of a wider problem. Is it not time that the accountancy profession embarked on a programme to develop reporting and disclosure standards appropriate to the more important specialised industries?)

Any statement that a provision is surplus to requirement if it is a general provision and that it should therefore be regarded more properly as a reserve is, in my opinion, falacious, for it ignores the reality that it is impracticable for any large bank to identify specifically each and every bad or doubtful loan. The difficulty of so doing will be a function both of the mix and size of its loan portfolio and of the dispersion of its branches.

Given, then, that it is unlikely that any large bank can specifically identify all its bad and doubtful loans at any one date, I find it difficult to comprehend the view which seems to be developing in some quarters that general provisions are unnecessary. The proper size of the general provision may continue to be a matter for legitimate difference of opinion depending on the circumstances of each individual bank, but to abolish it completely is to risk a material overstatement of the loan portfolio in a banks' accounts and a consequent qualification in the auditors' report.

In those, probably exceptional, cases where a bank can justify the abolition of its general provision (having found such a provision to be necessary in previous years), then it is implicit in the change of policy that the bank has been able to improve the effectiveness with which it identifies specific bad loans. I would therefore expect that a bank which abolishes the general provision would, at the same time, significantly increase the size of its specific provisions.

In conclusion, given the considerable size of some banks' general provisions, the tendency for them to increase over a period of time and the lack of uniformity in the manner of their creation, it is hardly surprising if many non-bankers regard the banks' provisions with suspicion and consider them excessive.

While their suspicions are no doubt justified in some cases, such excesses do not, in my opinion, invalidate the concept of the general provision. They merely illustrate the need for auditors to be more vigilant. I suggest that banks which are contemplating the abolition of the general provision are in danger of committing two fundamental errors: first, over-reaction to criticism and, second, failure to recognise the true nature and purpose of the general provision.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

TaskForce work boats: wide range of uses.

Smooths the ride

THE TRIM lines of this new workboat owe as much to the computer as to the skill of the designer.

It is one of a new range of trihedral hull boats from TaskForce Boats of London; the lines of the boats were decided using a computer program to calculate drag coefficients and water penetration; the result, according to TaskForce is a trihedral hulled boat with a far smoother ride than conventional trihedral hulls, which are prone to slamming in rough water.

Trihedral hulls differ from conventional hulls in having three keels, a deep central keel and two smaller keels on each side. Such a structure affords better load-carrying capacity and makes possible a large working platform.

TaskForce, which turned over £3.25m last year, is offering two versions of the new boat: the 26-foot TF810 which is expected to sell for about £20,000 complete and the 18-foot TF550 which should sell for under £2,000 without engine.

The boats have a wide range of uses from leisure—skin diving, fishing—to police duties, water bussing and ambulance duties. A military version will be developed to serve as an armed interceptor or assault craft.

The new boats will be on display at the International Boat Show in January. TaskForce is on 01-602 0123.

Weighs and blends

A COMPUTER based weighing and blending machine developed by Dataschalt GmbH, a German subsidiary of Babcock-Bristol is claimed to achieve higher output, greater accuracy and improved economy of production.

The system monitors and controls the complete production process including material input, proportioning of additives (which may only require trace quantities in a large bulk of material), mixing and processing. Colour video displays provide the operator with full information on the state of the process, with entry of commands and information through a keyboard. The video displays can also show batch details, production logs and other management data. Printed records can be provided on demand.

According to the size and complexity of the system design, mini or microcomputers might be used and systems are built up from standard units which achieve great flexibility in tailoring the equipment to suit the application, but without the cost of "one off" engineering.

The Materials Processes Division of Babcock-Bristol is at Brownfields, Welwyn Garden City, Herts AL7 1AN (07073 30146).

Activating muscles of the Royal Society

BY DAVID FISHLOCK, SCIENCE EDITOR

"TO DO anything original in science one really must have one's mind on the problem for a large part of the time. One must be able to brood on a scientific problem in the odd moments."

Professor Sir Andrew Huxley was speaking in his cosily dishevelled study in Bloomsbury. Over a decade ago this Nobel Laureate (1963) resigned from his administrative responsibilities as head of the department of physiology at University College to return full time to his researches as a Royal Society research professor in the same department.

But as newly-elected President of the Royal Society, Sir Andrew is being thrust right back into administration. The stint is five years; the extent, he admits apprehensively, he has still to discover. He knows it will amount to more than just a day or two a week.

Under its past president, Lord Todd, the Royal Society began to re-enter an area where once it was pre-eminent but from which it has tended to withdraw in more recent times. This is the task of providing scientific and technical advice to government. Its 900 fellows include many luminaries from the science-based industries as well as the more rarified strata of research.

In his final address to the society, Lord Todd raised major questions for the national administration of science on which the Royal Society and its new president will be expected to pronounce. For example, he called for the restoration of the post of chief scientific adviser to the Cabinet, abandoned in 1974 until when it had always been filled by a senior fellow of the society. Again, he called for government support for science through the research councils to be separated from the Department of Education and Science, where it can never play other than second fiddle, and where it is effectively divorced from industry.

In sharp contrast to Lord Todd, Sir Andrew is a shy man who admits to "ambivalent feelings" about the tasks ahead. "Some are interesting and could become absorbing. But there are aspects I do not relish because by nature I am retiring." What is plain is that he will not be shirking those aspects.

The new PRS is a neurophysiologist who earned his Nobel Prize for medicine for research in Cambridge with Sir Alan Hodgkin, a former PRS. They explained how nerve fibres activate muscles. An eminent Swedish neuro-physiologist, commenting on the award, wrote: "These two men are uncompromising in their determination to achieve a stringency that is more normally associated with physics and mathematics than with biology."

Huxley got a taste for physics early in his career, when he helped to develop the new techniques of operational research for fire control early in the Second World War. Initially he worked under P. M. S. Blackett for the Army, but later he became scientific adviser to the gunnery division of the Naval Staff. "I learned quite a lot of statistics—it stood me in good stead."

As PRS Sir Andrew believes that one important point of involvement with the physical sciences will be through the new House of Lords Committee on Science and Technology, under the chairmanship of Lord Todd. This committee is already tackling the question of scientific advice to government. The Royal Society will want to present a view—it has already flexed its muscles recently with such issues as the Finniston Report and a report on biotechnology—and the PRS will be expected to be its spokesman.

Did he believe that the controversial Rothschild formula for partially financing research councils through a customer-contractor relationship had outlived its usefulness? No, he did not. Unlike most of his academic colleagues, especially on the medical side, he had not been against it in the early 1970s. He had always understood that it was directed at applied and not fundamental research and development, and it seemed right to him that there should be a higher degree of accountability among scientists for their public spending.

Sir Andrew, who is on the council of the Agricultural Research Council, accepts that the medics have persuaded the Government to cease funding the Medical Research Council partly through the Department of Health. "A lot of them have been saying that the switch of funds did not result in any substantial difference in policy and it did create a lot of paperwork."

But there is no plan to revert to the former method of funding the Agricultural Research Council. "The ARC has agreed to go on with the same proportions as exist now." The amount of paperwork has certainly increased—"but so have the discussions between the Ministry of Agriculture and the ARC."

The public issue with which the new PRS is most deeply involved at present is experimentation on live animals. In his own sphere of research, as in almost all other areas of experimental biology "it is essential to have experiments on living animals."

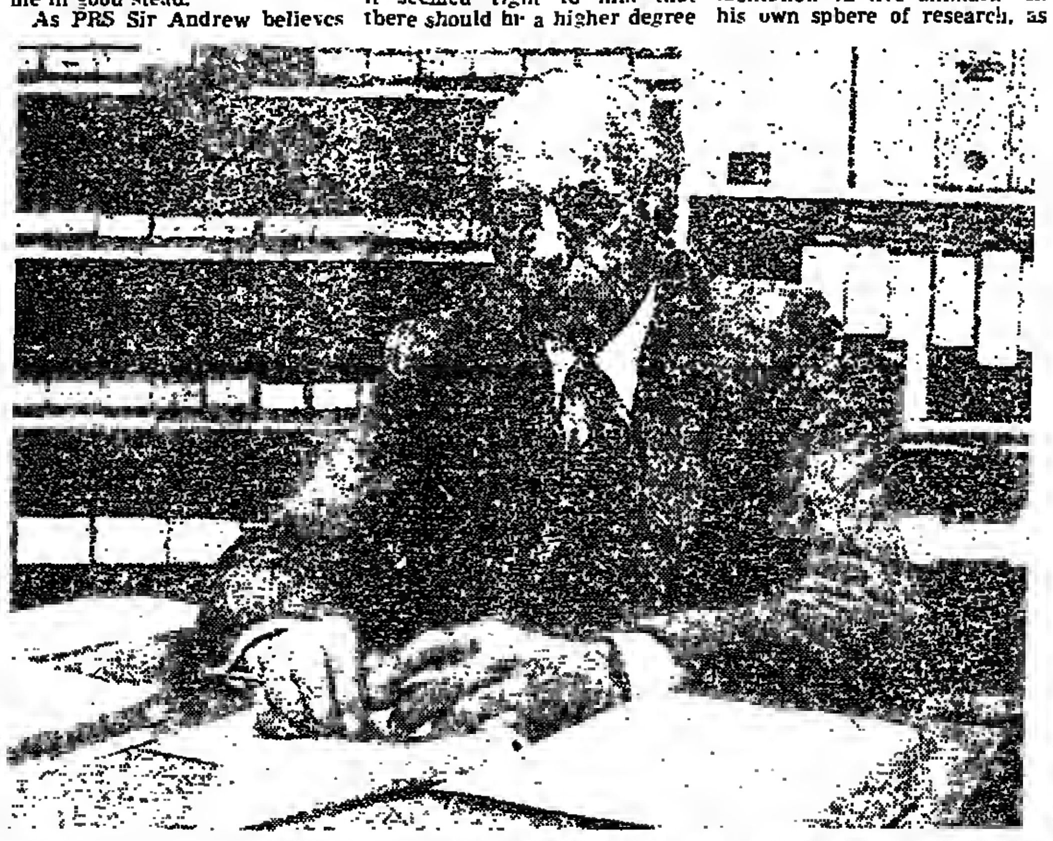
But he has no doubt that the alternatives to living animals proclaimed to be available for the testing of new drugs, foods, etc., by industry simply do not exist. "If they could use them, it would be more convenient, cheap and quick."

Of tissue cultures instead of live animals, he points out that many substances which would kill cultures would prove quite innocuous when taken by mouth. On the other hand, numerous deadly poisons have no effect on tissue cultures. Any research involving an interaction between two parts of a living system—such as his own research field of neurophysiology, involving muscles, nerves and brain—would be quite impossible without access to complete living systems. The interactions simply don't exist in the simplified experimental systems put forward by the anti-vivisectionists.

Opposition to experiments on live animals had already given Sir Julian a foretaste of the vehemence of emotion that can be aroused about some of the activities of science. More recently he has met it through the Royal Society in nuclear energy. "I have been struck by the statements made on both sides which go beyond the evidence." He believed that nuclear energy was in a state where "emotion has now taken over as regards everybody but the real experts." It is clear to me that there are risks and it is clear to me that there are people exaggerating those risks."

Would the Royal Society itself be changing under his tenure of office? It needed more, younger fellows, he said. Although it was growing—it now admits 40 new fellows a year, where once it was only 15—it had not been keeping pace with the expansion of science. "Too many have to wait too long for recognition."

It was not a new problem, however. Thomas Henry Huxley, grandfather of the present PRS, had referred to the same problem in an anniversary address when he had been president—almost a century ago.



Sir Andrew Huxley: agrees there should be a higher degree of accountability among scientists for their public spending.

NEWS IN BRIEF

COMMUNICATIONS

NIGERIA IS to spend US$20m on a satellite communications ground terminal which will be combined with an exhibition centre displaying the country's plans to enlarge and modernise its telecommunications system.

The station, with its 105 ft diameter receiving and sending "dish" will provide many more channels from Nigeria to Europe and North America via Intelsat satellites over the Atlantic and Indian oceans.

Undertaking the whole project is Harris Corporation which has already completed (in 1977) a 19-station Nigerian satellite ground station network for domestic connections between the country's 19 state capitals.

MAN-LIFT

A BRAND new vehicle, the 262 Wrigley Access Mobile Boom Platform, is the result of a deal between Wrigley Union and Access to market the Zipper FM 30 articulating boom platform on a 262 E Softrider flat-bed industrial truck.

This boom platform will operate through 360 degrees to a height of up to 20 feet.

A hydraulic man-lift based on the Softrider electric truck, and therefore independently mobile, it costs £11,000. The company says its nearest rival in this field is around £18,000.

CHEMICALS

UP-DATED INFORMATION on the chemical industry and the chemical business of the Royal Dutch/Shell Group of Companies is published in the 1980/81 Chemicals Information Handbook. A charge of £1.50 a copy is made for orders of six or more from Shell International, Shell Centre, London, S.E.1.

Automating the modern laboratory

THE AUTOMATION of biological and medical laboratory procedures offers advantages in terms of economies (skilled technicians are hard to find and expensive).

Dynatech Laboratories has developed a system for carrying out multiple enzyme assays which it says, cuts the time for a standard test from two hours to less than 12 minutes—and saves expensive analytical chemicals.

The new system, based on fluorometric techniques, is a joint effort between Dynatech and the Institute of Orthopaedics in London.

The two organisations have developed a disposable reaction chamber and an aluminium block incubator. The technique is of special value for the newer generation of fluorogenic assays devised for the investigation of biological tissues and fluids, but Dynatech thinks it will find a wider application where sensitive analytical procedures are available and the conservation of expensive reagents essential. Dynatech is on 0403 81 3381.

Reichert-Jung UK, the scientific instrument arm of British American Optical has developed an automatic analyser for counting tumour colonies in agar culture.

The Omnicon Image Analyser uses a combination of optical and computer technology for faster, more accurate counting.

The system separates the cultures on the basis of size, shape and optical density. The information can be used to predict the effect of a specific drug on a patient. The time saving is reckoned to be about 50 per cent compared with manual methods. Reichert-Jung is on Slough 76464.

Cryotech have developed a microprocessor controlled version of its Cryoson biological freezer. These devices are used to freeze specimens such as lymphocytes, bone marrow, fibroblasts, spermatozoa and platelets; the new degree of control afforded by the use of microprocessor technology means less cell disruption. Cryotech is on 03677 671.

LOMBARD

The great gold cover-up

BY DAVID MARSH

"IN SPITE of this greatly increased interest in gold transactions. It is remarkable how little is known on the subject. Information as to current movements is in many cases highly inadequate . . . . The statistical material on past gold movements has been neglected and is often incomplete. It is desirable that more information should be available and also that the man in the street should possess sufficient knowledge to enable him to appreciate the information obtained."

Back in 1931, when financial author and journalist Paul Einzig wrote those words, Britain was just about to go off the gold standard at a time of world financial crisis. But the bullion market was so open that the Bank of England still allowed full publication of customs figures on gold entering and leaving Britain, as well as on movements of gold it held under earmark for foreign central banks.

Secretive

Fifty years later, gold is no longer the Sun of the world's monetary system. But the price has risen 30-fold — and the multi-billion dollar international bullion business has become progressively more secretive.

It might sound surprising that Mrs. Thatcher's robustly Right-wing free-market Government still keeps details of Britain's gold imports under wraps in order to guarantee maximum secrecy about dealings by, among others the Soviet Union, the world's second largest gold producer. But the fact remains that four years ago the Bank of England, at the request of the London bullion houses, which in turn were acting at the bidding of the Russians and their other international clients, asked the Customs and Excise to stop publishing a detailed breakdown of UK gold imports—and the agreement remains in force.

London's main competitor as a gold dealing centre, Zurich, has built up a formidable reputation for absolute discretion. So everyone was surprised when Switzerland's gold trade statistics suddenly started to appear in the Press this autumn (initially, it must be said, in this newspaper) after years of being thought secret.

The figures emerged as a result of the unexpectedly liberal information policy of the Swiss Customs Office ("Transparency," says Switzerland's customs chief Paul Affolter, "is our first principle." Try getting any British official to say that).

The figures disconcerted the Swiss bullion dealers and, most importantly, enraged the Russians, who sell most of their gold through Zurich.

Very little, if any, Soviet gold now physically enters London directly though quite large amounts probably came in indirectly. Hardly surprisingly, since London has hushed up the figures for years, the Swiss National Bank has advised that the statistics should be published without the country breakdowns to avoid damaging Zurich's competitive position. This step is expected to be taken shortly.

Across the Atlantic, for years the U.S. Treasury allowed the publication of figures showing movements of central bank gold in and out of the vaults of the New York Fed. But the statistics have been suppressed since May, following complaints from the countries concerned.

Additionally, the International Monetary Fund statistics on countries' gold holdings have become less meaningful a guide to official gold hoarding. Many developing countries are simply not declaring their purchases to the Fund.

Mystique

The bullion dealing lobby argues that regular publication of gold trade statistics could mislead the market, force business elsewhere and might cause security problems. These arguments are not worth much—and would be worth less if both the Swiss and British authorities agreed jointly to publish fuller statistics. If it was right for Britain to publish the figures right through the controlled gold market of the 1960s, then why should it be wrong to do so in the "free" market of today?

At a time when international financial information on the Euromarket for example, is generally becoming better prepared and more complete, the monetary authorities should be working to strip away some of the mystique from the gold market, not to increase it.

Champagne: now is the time to buy

WINE

BY EDMUND PENNING-ROWSELL

IF THE vintage in much of Western Europe was disappointing, in Champagne it was near-disastrous, and only heavy rain a week before the picking began saved it from being a catastrophe. For as the count-down to the harvest progressed forecasts of the crop grew increasingly pessimistic. Yet, until the vine flowering in June prospects were exceptionally good.

After the 1979 record vintage of 845,000 casks (of 205 litres apiece, although now merely a term of measurement), there were high hopes of even a bigger one in 1980: perhaps 1m. But the miserable flowering and poor summer weather put paid to such ideas, and by the end of August the forecast was down to 300,000, and by mid-September to 275,000—worse even than in 1978, when the 290,000 cask crop was the smallest for 16 years.

In the event, thanks to the rain which swelled the grapes at the last moment, the total turned out to be 414,000 casks—half a normal crop.

Why this is such a setback for the Champenois may not be fully appreciated, for champagne sales have been booming—up 50 per cent between 1973 and 1978. And the 1979 harvest was a clear record. But a good deal of the trouble has arisen from this too-rapid expansion. Champagne has been over-trading.

For unlike many other fine wines, champagne cannot be sold, let alone drunk, *en primeur*. First there is the legal minimum of one year in bottle, which means 18 months after the vintage; and three years for a vintage wine. In order to develop its aroma and flavour, champagne needs bottle-age, and this in practice means three years for the non-vintage that represents about 85 per cent of sales.

Of course it can be sold younger and no doubt often is, particularly by the smaller growers who make and market their own champagne. But the firms who represent Champagne, the 140 firms led by the two dozen *grandes marques* which dominate the world market, realise that quality alone keeps them ahead in the increasingly competitive sparkling wine trade. So calculations are always made on a three-year stock basis, but after the extremely short 1978 crop they were down to little more than two and a half years; whereupon they were told by the very efficient trade body, the Comité Interprofessionel du Vin de Champagne, that to get back to a proper stock level they must cut their sales in 1979 by 26m bottles, bringing the total down from 186m to 160m.

In fact they lopped off just under 1.8m bottles, to 184,137,000; and export sales, the vital preserve of the shipping houses, actually rose by 1.7m bottles. Further, the forecast total for 1980 only knocks off a further 6m bottles, to a figure of 178m.

This over-selling is easy enough to criticise, but the firms, the *maisons*, are competing not only with other sparkling wines, but with each other. A deliberately lost customer may never return.

Under these circumstances it can be understood that near-panic reigned on the Marne on October 1 when merchants and growers met to fix the price of grapes. The record 1979 harvest had not restored the proper stock level, and they were faced with a one-third crop. The growers had not forgotten their losses in 1978, and were demanding not just a price per kilo based, as always, on the average selling price of a bottle of champagne earlier in the year (this would have given growers in the top districts a rise from FFr 11.56 a kilo to FFr 13.50).

They also wanted a special one-year bonus, and this was settled at FFr 10, making the top price more than double the 1979 one.

But price was not the only consideration. If there had been no agreement the vital contracts that ensured the champagne houses their supplies of grapes might have fallen apart. The larger firms, desperate for grapes, would have paid even higher prices—FFr 30 was mentioned to me—and the smaller concerns would have been priced out of a highly speculative market.

That the contract, dating in principle from just after the last war, was not broken, was a triumph for the good sense and organisation of the champagne trade. True, some growers, notably on the Cote des Blancs, are said to have made normal crops and huge profits, but others did far less well. Moreover the growers made certain concessions, including a 12-month postponement until 1982 of the revision of the present contract, which will end after the 1983 vintage.

This is the key factor in all grower-merchant negotiations, for as more and more growers make their own champagne, so merchants' supplies of grapes are increasingly at risk. At the next revision and still more at the next contract negotiations, will growers opt out, or will the prevailing economic conditions encourage them to maintain the security of assured sales of their grapes? At present about 48 per cent of the crop is contracted.

Growers and merchants have also agreed to a renewal of planting that has stopped for about five years, and the Government, keen on the export revenue yielded by champagne, has agreed to a further 5,000 acres between now and 1990. This will fill up the whole plantable vineyard area as now authorised.

Meanwhile, what are the short-term effects on the industry and on consumers? With only 106m bottles made to replace 178m sold there is bound to be a severe cutback on sales, and probably some reduction in the maturing period; except for those up-market houses with large stocks. Yet for the sake of quality this reduction will be as small and short as possible.

All eyes on the Marne are now fixed on the 1981 vintage. A large vintage would bring things back nearer to normal, another small one would lead to the closure or takeover of some firms, and this may happen in any case in the current year. The recently announced absorption of Trouillard/de Venoge by Charles Heidsieck/Henriot is said to be more the result of internal family differences than of current conditions, but it does not suggest a very healthy financial state for a house whose champagnes are well-known to many British consumers, albeit as the Buyers Own Brand cuvées of British wine merchants.

It seems likely that cutbacks in sales will be made as much as feasible on the home market, and as little as possible abroad. On both counts, the merchants may unwittingly be helped by the world-wide economic recession!

Prices must go up too, but not as steeply as some of the wilder predictions, which have suggested up to a 40 per cent increase in *retail* prices. The estimates of merchants to whom I talked on a pre-Christmas visit varied between 10 and 20 per cent on *ex-cellar* trade prices. Obviously the level of demand will influence decisions on prices. In the last, mid 1970s slump it was the export market that fell most while the French, influenced by a publicity campaign and price cuts, took to champagne as never before.

In the coming year competition in Britain between the marques will be keen, and retail prices are unlikely to rise much above ten per cent. Yet if the recent threats of large tax increases materialise we might suffer no less from the next Budget.

Both unknown factors combine to make it good sense to lay in a few bottles now for hard times or those of good cheer alike. A very modest buyer myself, I never cease to marvel at how little those few bottles cost me in the past. And champagne may be a wine of consolation as well as of celebration.

Disappointing field at Fontwell

RACING

BY DOMINIC WIGAN

JUST FOUR—Mount Harvard, Egbert, Golden River and Private Audience—take their chance in today's £5,000-added "Salmon Spray" Pattern Hurdle at Fontwell and Derrick Hubbard, clerk of the course, must be bitterly disappointed and perplexed by the poor turnout.

There is nothing to suggest that Egbert and Private Audience are anything but fair handicappers and the betting will probably suggest that Golden River could present problems for Mount Harvard.

It is likely to be a closely-fought affair between these two.

Although Mount Harvard won last season's Summit Junior Hurdle at Lingfield and minor events at Stratford and Plumpton, and passed the post first in another event at Huntingdon, he put up his best performance at the Festival meeting. Always well to the fore, in the Daily Express Triumph Hurdle, the grey son of High Top finished little more than four lengths adrift of Heighlin.

Mount Harvard will need to produce his best here if the concession of 8lb to Golden River is not to prove beyond him.

On his only appearance over the minor obstacles to date, Golden River, one of this season's most illustrious recruits from the flat, showed he has a bright future over timber with a fine run at Nottingham.

There is likely to be little in it, but I take Mount Harvard's greater experience to tip the scales in his favour

Whatever his fate on Golden River, the South's most stylish rider over hurdles, Andy Turnell, should be on the mark with at least one winner this afternoon. Other likely-looking prospects for him include Bobbie Gordon and Sandhaven.

Bobbie Gordon, who found himself a long way behind the principals after only a mile in a seller at Stockton last time out, was running on as well as any in the closing stages and he appeals as a sound bet for the Tortington Selling Chase.

FONTWELL

12.45—Bobbie Gordon***
1.15—Mount Harvard
1.45—Physicist*
2.15—Sandhaven
2.45—Early Spring
3.15—Laurium**

WARWICK

1.00—Magnolia Lad
2.30—Brown Jock
3.00—Denny Street

TV/Radio

† Indicates programme in black and white

BBC 1

9.30 am Football Association coaching, tactics and skills. 9.55 King Rollo. 10.00 The Red Hand Gang. 10.25 Why Don't You . . . ? 10.50 Play Chess. 11.00 Lassie: "The Miracle." 12.15 pm Battle of the Planets. 12.35 Tom and Jerry. 12.45 Midday News. 1.00 Camberwick Green. 1.15 California Fever: "The Good Life." 2.00 "Flipper and the Pirates": Film starring Luke Halpin. 3.35 The Spanish Fiesta: Ballet to Rimsky-Korsakov's Capriccio Espagnol. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.30 Jackanory. 4.45 Animal Magic with Johnny Morris. 5.10 Grange Hill. 5.35 Ivor the Engine.

5.40 Evening News.
5.55 Tom and Jerry (South East only).
6.05 Rising Stars.
6.55 "When the North Wind Blows": Film starring Henry Brandon.
8.45 Main News.
9.00 Not the Nine O'clock News.
9.45 Films of the Years: Barry Norman selects his 12 best for 1980.
10.25 The Europe we Joined: Second of two programmes on the EEC.
11.13 News Headlines.
11.15 Men v Women: Golf Challenge.
12.05 am Weathermen.

All Regional programmes as BBC1 except as follows:

BBC *Cymru/Wales*—5.05-5.35 pm Aadin. Y stori draddodiadol—yma ac acw! 5.55 Wales Today. 6.20 Pobol y cwm. 6.50 Newyddion. 12.05 am News and Weather for Wales.

Scotland—5.55-6.05 pm Scottish News. 12.05 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55 Northern Ireland News. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.05 pm East (Norwich); North (Leeds); North-East (Newcastle); North-West (Manchester); Midlands (Birmingham); West (Bristol); South (Southampton); South-West (Plymouth).

BBC 2

11.00 am Play School.
†4.10 pm New Year Matinee: "The Pickwick Papers" starring James Hayter.
5.35 The Chicken, The Egg and The Molecules. Second of The Royal Institution's Christmas Lectures for young people.
6.55 The Innes Book of Records
7.20 One Hundred Great Paintings: David Piper on Vermeer.
7.30 Mid-Evening News.
7.40 Showaddywaddyshow.
8.20 Pot Black
8.45 Maria Marten or Murder in the Red Barn.
9.40 Ireland: A Television History by Robert Kee.
†10.30 Clark Gable in "The Misfits"

LONDON

9.30 am Showjumping with Harvey Smith. 9.55 Cartoon Time. 10.00 Untamed Frontier: "Eleanora Falcon." 10.25 Thunderbirds Are Go. 12.00 pm Jamie and the Magic Torch. 12.10 Pipkins. 12.30 The Sullivans. 1.00 News at One. 1.20 Thames News. 1.30 Take the High Road. 2.00 "Fancy Pants" starring Bob Hope and Lucille Ball. 3.45 Look Who's Talking. 4.15 Dr. Snuggles. 4.20 Take a Chance: "The Arrival." 4.45 Smith and Goody . . . On Ice! 5.15 Batman.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 There Goes 1980.
8.00 Rumpole's Return starring Leo McKern.
10.00 News at Ten.
10.30 The News Picture '80
11.30 Paris: James Earl Jones in "Pawn."
12.25 am "Sit Up and Listen" with Lord Home.

All IBA regions as London except at the following times:

ANGLIA

9.30 am Call It Macaroni. 9.55 A Christmas Two-Step. 10.20 Friends of My Friends. 10.50 Alice in Wonderland. 11.35 The Beachcombers. 12.30 pm Song and Dance. 1.20 Anglia News. 2.00 All Baba and the Forty Thieves. 5.15 Gambit. 6.00 About Anglia. 10.00 News followed by Anglia Late News. 11.30 Kaz. 12.30 am A Carol for Christmastide.

ATV

9.25 am Something Different. 9.40 Popeye Meets Aladdin and the Wonderful Lamp. 10.00 The Wild, Wild World of Animals. 10.25 The Best of British. 12.30 pm Gardening Today. 1.20 ATV News. 2.05 All Baba and the Forty Thieves. 5.15 Survival. 6.00 ATV Today. 9.05 Crossroads. 6.30 ATV Today. 11.30 ATV News. 11.35 Baretta.

BORDER

9.35 am Diary of Civilisation. 10.25 Morning Cinema. 1.20 pm Border News. 2.00 All Baba and the Forty Thieves. 5.15 University Challenge. 6.00 Lookaround Tuesday. 10.00 News and Border weather. 11.30 Kaz. 12.25 am Border News Summary.

CHANNEL

12.30 pm Unforgettable New Year. 1.20 Channel Lunchtime News, What's On Where and weather. 2.00 All Baba and the 40 Thieves. 5.15 Frosty the Snowman. 6.00 Channel Report. 10.28 Channel Late News and weather. 11.30 The Stanley Baxter Big Picture Show. 12.25 Commentaires et Previsions Meteorologiques.

GRAMPIAN

5.25 am First Thing. 9.30 Alice in Wonderland. 10.25 Thunderbirds Are Go. 12.30 pm University Challenge. 1.20 North News. 2.05 All Baba and the Forty Thieves. 5.15 Christmas Sunshine. 9.00 North Tonight and area weather. 11.30 Reflections. 11.25 Quincy. 12.30 am North Headlines.

GRANADA

9.30 am Sesame Street. 10.25 Thunderbirds Are Go. 12.30 pm The Odd Couple. 1.20 Granada Reports. 2.00 Robert Stack in "Adventures of the Queen." 4.15 Watch It. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 11.30 The New Avengers.

HTV

9.55 am Young Country. 10.20 The Family Circus Christmas. 10.45 Spiderman. 11.05 Wilderness Alive. 12.30 pm University Challenge. 1.20 HTV News. 2.00 The Neptune Factor. 5.10 Beddme for Sniffles. 5.20 Crossroads. 6.00 Report West. 6.30 Three Little Words. 10.28 HTV News. 11.30 Caterina Valente in Concert.

HTV Cymru/Wales—As HTV West except: 12.00-12.05 pm Poli a Pili. 12.05 Callimaro. 4.15 Sgrean y Byd. 5.00 Y Dydd. 6.15 Report Wales. 10.30 Y Llew. 11.45 The News Picture '80.

SCOTTISH

9.35 am Alice in Wonderland. 10.25 Thunderbirds Are Go. 12.30 pm University Challenge. 1.30 The Eruption of Mt. St. Helens. 3.45 Give Us A Clue. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 Report. 10.00 News and Scottish news. 11.30 Late Call. 11.35 Lou Grant.

SOUTHERN

9.30 am Kum Kum. 9.55 Adventures of Niko. 10.20 Animated Classics. 11.10 *Chopper Squad.* 12.30 pm University Challenge. 1.20 Southern News and weather. 2.00 Houseparty. 2.25 Walt Disney Classics: "Three Little Pigs." 2.45 Starring Derek Jacobi. 5.15 Cartoon. 5.20 Crossroads. 6.00 Day by Day. 10.00 News followed by Southern News Extra. 11.30 Casino de Paris. 12.30 am Weather forecast followed by A King's Singer.

TYNE TEES

8.20 am The Good Word. 9.25 North East News. 9.30 Survival. 9.55 The Adventures of Niko. 10.20 It's Hercules the Wrestling Bear. 11.00 Celebrity Concert. 11.50 Wonderwheels. 1.20 pm North East News and Lookaround. 12.00 Tuesday Matinee: "Tight Spot." 4.15 Watch It! 5.15 Diff'rent Strokes. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 11.30 The Chieftains in Thomond. 12.30 am The Christmas Gift.

ULSTER

10.00 am The Herbs. 10.10 Sesame Street. 11.10 Little House on the Prairie. 1.20 pm Lunchtime News. 1.22 A Prayer for Today. 1.25 Cartoon Time. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster News. 6.05 A Prayer for Today. 8.07 Chopper Squad. 10.29 Ulster weather. 11.30 Benson. 11.55 News at Bedtime. 11.57 A Prayer for Today.

WESTWARD

9.25 am The Amazing Years of Cinema. 9.50 Rocket Robin Hood. 10.10 A Diary of Civilisations. 11.10 The World of Wizards. 12.30 pm Unforgettable New Year. 1.20 Westward News Headlines. 2.00 Feature Film: All Baba and the Forty Thieves. 5.12 Gus Honeybun's Birthdays. 9.15 Frosty the Snowman. 9.00 Westward Diary. 10.31 Westward Late News and weather. 11.30 The Stanley Baxter Big Picture Show. 12.25 am Faith for Life. 12.30 West Country weather forecast.

YORKSHIRE

9.30 am Call It Macaroni. 9.55 The Adventures of Niko. 10.20 Roman Holidays. 10.45 Natural Environment. 11.00 Cash and Company. 11.50 The Bubbles. 12.30 pm University Challenge. 1.20 Calendar News. 2.00 Father, Dear Father. 5.15 In Loving Memory. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 The Jazz Series.

‡Medium wave only.
(S) Stereophonic broadcast.

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour (part 1). 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour (part 2). 3.32 Peter Powell, including 5.30 Newsbeat. 6.45 Kate Bush (part 1) Kate talks to Paul Gambaccini. 6.31 Talkabout. 7.31 Richard Skinner. 10.02 John Peel (S).

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S) including 1.45 Sports Desk. 2.03 Bob Kilbey's Request Show (S) including 2.45, 3.45 Sports Desk. 4.03 Much More Music (S) with David Symonds, including 4.15, 5.45 Sports Desk. 8.03 John Dunn (S) including 6.45 Sports Desk. 8.02 Hooray for Hollywood: The Melody Lingers On. 9.02 The Pleasure of Your Company (S). 9.55 Sports Desk. 10.02 Pick of the Sporting Year. A look back at the past 12 months. 11.02 Brian Matthew with Round Midnight, including 12.00 am Midnight Newsroom. weather. 2.02 am-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture Concert: Gounod, Ravel (S). 8.00 News. 8.05 Morning Concert: Smetana, Dvorak, Martinu, Janacek (S). 9.00 News. 9.05 This Week's Composer: Britten (S). 10.00 Mozart: the Oboe concerto K.314 recorded at this year's Salzburg Festival (S). 10.25 Alfred Brendel: piano recital (part 1): Liszt and Schoenberg (S). 11.20 Interval Reading. 11.25 Recital (part 2): Busoni, Brahms. 12.15 pm Beethoven Concert (part 1) of performance of the Symphony No. 2. 1.00 News. 1.05 Six Continents. 1.25 Beethoven (part 2): Symphony No 7, from the Salzburg Festival (S). 2.10 Hodie Salvator Apparuit (S) Choral recital: Anthony Hedges, Liszt, Christopher Brown. 3.10 A Sonata by C. P. E. Bach (S) in G minor (Wq. 135) for Oboe and Harpsichord. 3.25 50 Years of the BBC Symphony Orchestra (S) Concert: Berg (conducted by Pierre Boulez): Hindemith (conducted by Rudolf Kempe). 4.25 Jazz Today (S). 4.55 News. 5.00 All Together Now (S) Richard Anthony Baker explores the theme of love and courtship in music-hall songs. 5.30 Talking About Music (S) talk by Antony Hopkins. 6.00 Delme Quartet (S) Recital (Part 1): Bach arr. Simpson (Quartet No. 2). 6.35 *Interval Reading.* 6.40 *Recital (part 2):* Beethoven (String Quartet Op. 132). 7.30 The Image of God (S) by David Buck (Part 3). 9.10 Salzburg Easter Festival 1980 (S) Concert: Verdi, Mozart. 10.25 Haydn and Rachmaninov (S) Piano recital. 11.00 News. 11.05-11.15 Tartini (S).

RADIO 4

5.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 "Trust to Talk." 9.00 News. 9.05 Tuesday Call: 1980. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time: "Tom's Midnight Garden." 11.00 News. 11.05 Thirty-Minute Theatre: "The Not-So-Merry Widow." by Douglas Slater (S). 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours Special. 12.20 Down Your Way. 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Middlemarch, by George Eliot: Bennet (S). 4.00 A Year of Sport: A look back on 1980. 4.45 Short Story: "Paradoxer," by David H. Wallace. 5.00 PM. 5.50 Shipping Forecast. 5.55 Weather. 6.00 The Six O'Clock News. 6.30 Never Too Late (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 He Set All England Singing: A musical portrait of Charles Dibdin (S) (1745-1814). 8.50 A Sideways Look At . . . Cockbern and Stanley Spencer. 9.05 In Touch. 9.30 Kaleidoscope. 10.00 The World Tonight. 10.30 Legend in Landscape: The legend of the lady of Llyn-y-Fan-Fach. 11.00 A Book at Bedtime: "My Apprenticeships." 11.15 The Financial World Tonight. 11.30 The Tortelier Family in Concert perform music by Grieg, Paganini, Bach and Léon Boellmann (S). 12.00 News: Weather Forecast. 12.15 am-12.23 Shipping Forecast.

F.T. CROSSWORD PUZZLE No. 4,456

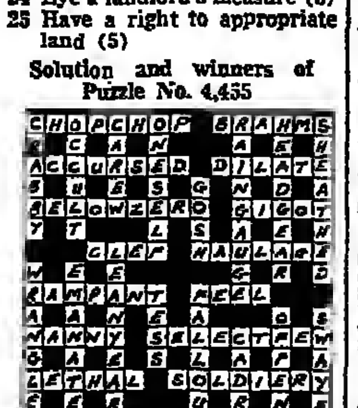
ACROSS

1 Tell a learner it's unceremonious (8)
5 Attack making stupid fellow become indisposed (6)
9 Meat and cereal to complain about (4-4)
10 Automobile with good French element (6)
12 Drier sometimes thrown in a ring (5)
13 Share a garden (9)
14 Main element of fastener (6)
16 Succession of drops to deceive the French (7)
19 Divine wine to finish (7)
21 Dad and a dog turning in Eastern temple (6)
23 Pole with no sense of pitch is unable to hear (5-4)
25 Cut and run (5)
26 Shrewd as you in France note (6)
27 Large fruit Americans entitle New York (3, 5)
28 Cut off detectives in river (6)
29 I damage a mixed old family of lizards (8)

DOWN

1 Move to action that's visible we hear (6)
2 Two once-supposed elements producing ardent spirits (4-5)
3 Revolt with band-leader in middle of dance (5)
4 Mean to suggest how old one is (7)
6 To begin with fish is surprising (9)
7 Walk with doctor in drink (5)
8 Extend unusual glen and then must follow (8)
11 Fool left in bed (4)
15 Delivered current short edition (9)
17 Stolen child slept (9)
18 A position taken in from renegade (8)
20 Prescribed food for parliament (4)
21 Smoking and out of breath (7)
22 To cut off a quarter would be hard to endure (6)
24 Eye a landlord's measure (5)
25 Have a right to appropriate land (5)

Solution and winners of Puzzle No. 4,455



ENTERTAINMENT GUIDE

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STRATFORD-UPON-AVON. Royal Shakespeare Theatre (0789) 292271. Amex Cards (0789) 297129. Info (0789) 68191. ROYAL SHAKESPEARE COMPANY. Ton't, Jan. 2 7.30 RICHARD II. Tomor. 7.30 Jan. 3. 2.00 RICHARD III. Wed. & Jan. 3 7.30 ROMEO & JULIET. Thur. 2.00, Jan. 8 7.30 AS YOU LIKE IT. Thur. 25 Jan. 7.30.

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NICOLA JACOBS GALLERY. 9, Cork St., W1. Tel: 437 3868. A decorative aspect—Xmas '80. 18th Dec. to 29th Jan.

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THE ARTS

The visual arts in 1980

by WILLIAM PACKER

In no sense has 1980 been an extraordinary year for the visual arts, for these are not, for them at least, extraordinary times. I know, of course, that it might well seem otherwise to the outsider, whose view of modern art remains as luridly coloured as ever by several generations' worth of robust prejudice and excellent jokes, none of them any the less funny *for being unfair. He is still* fixed securely upon the idea of a pretentious *avant garde* for-ever scurrying after the latest empty novelty, and for little more than that novelty's sake.

But the truth of it is rather different. The arguments for the Art of something like this century or more past, its defences and justifications, are all well enough rehearsed, and as persuasive — and this is neither the moment nor the place to *redeploy them*. But I do insist that even if innovation and experiment together ever did form the major part of the artist's preoccupations (a doubtful proposition indeed), today they are very far from doing so.

It does seem that we have now come to a natural period in the advance and present evolution of the visual arts in the Western tradition: which is not at all to say that their condition is necessarily unhealthy, nor to rule out the possibility that the pace of that advance might quicken furiously again at any time, this year, next year, whenever. Meanwhile artists of all kinds, from the lushest of figurative painters to the most austere of concepualists, continue to work, as in fact all artists always have, from precedent to some degree, falling in with the tradition or pushing against it as the case may be. So much has been achieved within the span of a single longish life that an interval of reflection and assimilation is no bad thing.

What this gentle climate propagates in the galleries of course, is work that might not be conspicuously or superficially exciting or surprising but is rather more likely to be impressive for its particular qualities and personal achievement. Thus a year which has seen no bright new star burst upon the firmament has enjoyed a good number of remarkable shows of a more discreet nature, some more ambitious or comprehensive than others, and often flawed in detail, but none the less worthy for that.

Among such shows in the public sector fall the large retrospective given to Michael Andrews at the Hayward this winter (which continues a while yet) and the excellent and revealing review of David Hockney's graphic work at the Tate in the summer. More easily overlooked, but unjustly so, was Anthony Eyton's retrospective, *that filled the South London Gallery* during May most memorably, a declaration of a quiet but none the less authoritative vision.

On the private front we were lucky to see the work of such varied and decided talents as Norman Stevens (at the Redfern Gallery), *John* Bellany (Acme), Elizabeth Blackadder (Mercury), Derrick Greaves (Fischer), Jack Milroy and also Kate Rose (Thumb), John Walker (Nigel Greenwood), Fred Watson (Moira Kelly), Michael Upton (Ann Berthoud), Geoff Ogden (Fieldbourne) and John Loker (Angela Flowers), all of them in London, and on tour in Wales, courtesy of the Welsh Arts Council, Harry Holland.

All these are figurative artists, stretching the definition fairly generously, and all but Watson are painters: which gives the lie to the suggestion that there are not many of them about. The list is by no means exhaustive, and not all those I mention were noticed this year on this page, which is a matter of personal regret. But there is little to be done about it, for it would be physically impossible to see everything there is to see even in London, let alone *review* it. The shows I do miss I count a personal loss.

Then there is the abstraction, and the work that falls into neither category, certain sculpture and installation, and work based upon photographic material. John Hoyland chose the work for this year's Hayward Annual, and achieved, with a little help from his friends, a minor triumph, prepared to take personal responsibility for that choice, and in so doing disarming criticism. The show was lively, patchy of course, and brought out what really does look to be an indiginous strain of painterly abstraction, soundly based, as the historical aspect of the show made clear, in a peculiarly British kind of romantic expressionism. If the show did nothing else, it did demonstrate the palpable physical beauty of much abstract painting. Of its stars, Michael Moon went on to win, quite rightly, the major prize of this year's John Moores Liverpool Open. Albert Irvin had already enjoyed a considerable personal success at Acme in the spring, and Terry Setch further distinguished himself in the run of summer shows at the Serpentine.

Elsewhere we saw a group of eight younger British artists stand up extremely well for themselves in the hurly-burly of an international free-for-all (Biennale des Jeunes, Paris), and in Venice in the summer our two principal representatives particularly distinguished themselves, Nicholas Pope with his long larch line, which was one of the most elegant and refined of all the contributions, and Tim Head, with his teasingly ambiguous light show. Both of them also took part in the show that Diane Waldman of the Guggenheim selected and put on in *New* York, again eight British painters and sculptors in all, a most intriguing and stimulating, if deliberately restricted personal view across current British activity, which came to the Royal Academy in the autumn.

Among other memorable things were Kenneth Martin's elder-statesmanlike contribution to the committee's general survey at the Venice Biennale, Martin Naylor at the Rowan, and John Carter (Nicola Jacobs), Stephanie Bergman (Anthony Stokes), John Hilliard and Steve Cox at the new Lisson premises in Whitfield Street, Nigel Hall's select restrospective which inaugurated the fine new Warwick Gallery, and Joseph Beuys, Richard Long, and now Gilbert and George (still on) at Anthony d'Offay's splendid second gallery in Dering Street.

Indeed, what with the new gallery at Riverside Studios, with which Jenny Stein celebrated her assumption of the directorship there, new spaces and opportunities seem to be very much in the air—Moira Kelly opening a small and extremely lively enterprise in the Essex Road, AIR-Space consolidating its position in Rosebery Avenue, Nicola Jacobs *now very much part of the Cork* Street landscape, and the ever admirable Photographers' Gallery spreading its wings with its new extension. *All* this would seem to be most encouraging in these parlous times. *Many* galleries, I know, live most precariously from hand to mouth, their survival even, until now a kind of miracle, and I would *like* to wish them all, and most especially the likes of Taranman, Anthony Stokes, Ann Berthoud and Angela Flowers, a prosperous New Year.

So much for the moment for the living arts, and *if* I give the historical side only a cursory glance for the moment, it is only because my space is nearly full. But it has been a remarkable year for important exhibitions, from Abstraction at the Tate in February, to Max Beckmann at the Whitechapel now. In between we have had many treats: David Smith at the Serpentine; the Medicean collections in Florence, The Princely Gift at the V and A, the amazing Stanley Spencer at the Royal Academy, and there also the Chatsworth treasure. The National Gallery has been most enterprising, and fortunate besides in its acquisition of the great Rubens of Delilah's betrayal of Samson, and a marvellous Hals. Its small Second Sight display put together the Rembrandt portrait of himself at 34, with what is surely Titian's self-portrait, a wonderful pair. And Maggi Hambling was appointed artist in residence, an excellent scheme which goes on very well.

And so the list could continue, as shows of all kinds come back to mind: Balthus in the Scuola San Giovanni Evangelista in Venice, with no concessions made at all to artificial light—if the sun went in, so did the paintings; and also a tiny nude by him in the Whitechapel's entertaining midsummer invitation, or rather nomination show; Munch at the new Riverside; and such engaging oddities as Osbert Lancaster (Redfern), and the admirable, lamented Edward Ardizzone (Imperial War Museum). All in all, not at all bad for an ordinary year.

Frans Hals: Young Man holding a skull

Sir Stanley Spencer self-portrait: 1936

Balthus: Young Girl in Bed

Temporary export for Leonardo

Mr. Norman St. John Stevas, Minister for the *Arts*, has allowed the temporary export permit for the Codex Leicester, the manuscript by Leonardo sold at Christies for £2.2m on December 12 to Dr. Armand Hammer. This will enable Dr. Hammer to take the Codex to Washington to form part of the ceremonies around the inauguration of Mr. Ronald Reagan as President. However, the manuscript must then return to the UK and no decision has yet been made as to whether Dr. Hammer can take it permanently out of the country.

A.T.

The year in music—a trio of impressions

1979 was a bland and discouraging year in Britain for 20th-century music, in general, and new music in particular; and with a few lively exceptions, the first half of 1980 continued the depressing trend. It was the irrepressible London Sinfonietta which most notably brightened the gloom in the early months, with a series of *five concerts* at St. John's, Smith Square devoted entirely to music since 1945. It was their most radical venture to date, and a resounding success, both artistically and financially (houses were consistently full) —although it was a venture which should, and would, have been launched years before if the orchestra had ever received the financial support it deserved, instead of being forced to hover on the brink of insolvency, uncertain of its future existence from year to year, let alone of firm future plans.

Adrian Jack's enterprising MusICA series at the ICA was another ray of light in the dark: the one series of experimental music in London that has had, year after year, the courage to stick its neck out, take calculated risks, and above all to make (and admit) mistakes. It had the imagination also to step aside from the mainstream of its programme in January—as indeed every responsible new music series should—to offer a platform to four young composers, none yet established on the commission or festival circuit.

It is never the purpose of such concerts to discover masterworks: that would be a welcome, but rare, bonus. The principal intention is to provide, like Schoenberg's Society for the Private Performance of Music, the players and the platform: looked after thus far, the music can look after itself. So, no masterworks: but four new pieces, all of them decently and capably made, each of which set up and solved, with various degrees of success, different problems in its own fashion.

And the audience? At such "workshop" events, the audience —crucially, for without an audience the point of the exercise is lost: but otherwise almost *incidentally*—must content itself in the main with the pleasure, lower-key but no less real, to be got from interest and involvement: in the problems set, and the methods proposed to resolve them; and with the dilemmas, some very much of their time, others as old as the hills, which face every composer young or old, old or new.

Elsewhere, the Society for the Promotion of New Music continued its admirable, if somewhat diffident and apologetic, series of open rehearsals and public concerts; and the Park Lane Group went on with its usual, decent work, taking few risks, keeping its ears clean and profile low. Of the larger organisations, the BBC alone, in its 50th anniversary year, for all its considerable financial troubles continued unabashed to play its vital, difficult role of chief patron of new music, both behind the scenes and in the concert hall. Without Radio 3 to sustain us, the first eight months of 1980 would have been glum indeed.

As it was, for much of that period, Radio 3 was reduced to thinning out its stockpile of existing recordings: no new live broadcasts could be made while its musicians were on strike. That unfortunate confrontation, which brought no great credit to either side, and most particularly no credit to the BBC's top management, is now past history: but its essentially unreal nature was vividly emphasised on the evening scheduled for the First Night of the Proms in July.

While Radio 3 — true to its promise to substitute as far as possible performances on tape or disc for its cancelled live Prom programmes—was broadcasting Adrian Boult's recording of Elgar's oratorio *The Apostles*, the BBC Symphony Orchestra was giving its own "First Night of the Proms" in the Wembley Conference Centre. Neither, in the circumstances, was a very inspiriting affair. Nothing on the air can take the place of a real, live Prom direct from the Albert Hall; and the Orchestra's own alternative event under the baton of Colin Davis, grave gesture though it was, and for the most part excellently played, had only the faintest flavour — in Wembley's anechoic-chamber acoustic—of the real thing. Although barely a week later the strike was halted, and the Proms at last began, the damage done to the great fund of goodwill which undoubtedly used to exist between the BBC and its musicians will probably take a long time to repair. But the two "First Night" events only served to emphasise how much, after all, the BBC and its musicians need each other—and how unthinkable, in any event a long-term breach could be.

On other fronts, there was more positive excitement to be had. Kristen Merscher was just 17 when she appeared in the semi-finals of the 1978 Leeds Piano Competition and I called her then one of the most sensationally gifted pianists ever to appear on the competition's stage. She was young, and her performances were young too—but they had glitter, and confidence, and thrilling potential. She was clearly an exceptional discovery: although the jury, with a jury's customary grey and moralising caution, passed her by for the final stage in favour of two far duller talents.

After that, she wisely kept away from the limelight for a while, and continued with her studies, waiting until January to make a modest London debut in the Wigmore Hall's Debenham series. There was still, let it be said, much work and much exploring to be done, and there were important doors still to be opened. But her debut was nonetheless a remarkable and exhilarating occasion; and not one measure of her programme of Bach, Chopin, Ravel's *Gaspard* and Brahms's *Paganini* Variations gave any reason to modify my first opinion — that she is one of the most exciting young artists to be introduced to the capital in years.

Originally very short pieces for piano, taken up again after an interval of more than 30 years and "developed" for orchestra —less a question of orchestration than, as Berio would say, of transcription. What more to say, except that the character of each piece is defined, isolated, fixed in one unique mode of expression; and that the relation established between the pieces is essentially one of contrast.

With that characteristically terse programme note, Pierre Boulez introduced the premiere of the first four of his new *Notations* for orchestra, commissioned and performed by the Orchestre de Paris under Daniel Barenboim in the Palais des Congrès in June.

It was the first orchestral work and, indeed, the first work of any importance that Boulez had written since *Rituel* ("In memoriam Maderna") in 1974-1975. It turned out to be, also characteristically, another "work in progress," as yet unfinished: the new *Notations* are based on Boulez's very first completed compositions, a set of 12 short unpublished piano pieces written while he was still a student in Messiaen's harmony class at the Conservatoire in 1945, and then forgotten, which turned up among the papers of a friend in 1977. The four "transcriptions" so far completed make up together a satisfying 12-minute work of miniature "classical" proportions—four movements, including a slow movement and a sparkling finale. But that arrangement was only the choice for the occasion: when all 12 finished *Notations* appear, *the form* will seem, and sound, quite different, since there will be no specified order—and indeed no minimum number to be performed. The conductor will be free to abstract as many or as few as he pleases, and make out of them *his own sequence*.

The performance under Barenboim was admirably prepared, and (for an orchestral premiere) unusually exact. It was an invigorating foretaste, and a tantalising prospect: yet another Boulez that we shall come to know, like *Pli selon pli*, by instalments, each one setting the music in a differing perspective, as it grows. Another Boulez work, that is, which we *may* come to know—unless our South Bank programme planners have their way, and give us Brahms and Beethoven symphony cycles instead.

After the summer holidays, the concert-goer returning to London suddenly found to his astonishment more, and livelier, concerts of new music around town than there had been for years. No one seemed to be able to pinpoint a convincing reason: but the fact remained that at this lowest financial ebb of the decade, many of the lines long in preparation began to converge. The Society for the Promotion of New Music announced one of the most adventurous seasons of its history; the Park Lane Group, the New Macnaghten Concerts, MusICA, the Arts Council Network at the Round House and elsewhere — and many others —all combined to play a significant role in this small but vitally encouraging renascence. And the BBC too, with its third annual series of public College Concerts performed (and recorded for later broadcast) in the halls of the Guildhall School and the RCM—its richest and most varied yet.

Whether this impetus can be sustained remains to be seen: but the signs give much cause for hope. The SPNM especially, under lively and determined new management, is set for the first time in many years to live up to its name. In six events between October and December it showed its mettle with imagination and style. Two were SPNM promotions played by the London Sinfonietta: a link that should be firmly and finally *forged—can* either group in *all* conscience really live without the other? And the first, which brought an astonishing near-capacity audience to the Purcell Room, was living proof (and proof is no bad thing from time to time) that a programme of new works, well planned and brilliantly played, even if it contains not a single masterpiece, *can* give ample measure of interest, enjoyment and reward.

DOMINIC GILL

★

A year's worth of intensive concert- and opera-going ought perhaps to place one at a good vantage point for discerning trends, but I must have missed them. Even the expected belt-tightening has been inconspicuous to audiences, however great the anguishings backstage. The Festival Hall programmes of the major orchestras are not more conservative and crowd-catching than they have been these many years; enforced economies at Covent Garden and the Coliseum have not given us productions in practice-clothes yet, and the excellent touring companies of Wales and Scotland have achieved wonders on their more modest budgets.

Commercial sponsorship is a *significant trend, of course*, but one learns about it only from the printed page. It has not tilted the repertoire in any new direction for better or worse—though it has provided the means for many things that could not otherwise have been realised. Sponsorship in the past was not always so enlightened. It remains to be seen whether any new, importunate Wagner will find a corporate Maecenas as prodigally loyal as Ludwig of Bavaria; certainly new music on a large scale — which is heard only once in a blue moon —is less often written for grand forces than for relatively small virtuoso groups. Heavily manned performances in the munificent style of late 19th-century opera are no longer economic, if indeed they ever were. We can still run to Mahler, but he doesn't ask to be staged.

We do still run to Mahler, in great numbers. After 20 years the Mahler boom still reverberates, confounding the old guard who insisted so confidently that it would prove a seven days' wonder: there is almost an orgy of Mahler Seconds this year, though faith in a literal Resurrection must be at its lowest point since Christians began to bruit it about. We have discovered a remarkable Mahler conductor in Klaus Tennstedt, in happy collaboration with the London Philharmonic, and the young Simon Rattle has been displaying a vivid rapport with Mahler at an age when in the old days he would have been confined to directing the offstage bands. Since his sympathy with contemporary scores is at least as acute, he has moved into a commanding position among the *generation of conductors*.

From East Germany we have had repeated visits by Kurt Sanderling and Kurt Masur, offering noble readings of classical masterpieces in what is now an uncommon vein—temperate, judiciously plain, extraordinarily strong and bracing. A much older guest, Lovro von Matacic, recently did analogous splendid things with Beethoven and Bruckner. Our orchestral standards seem to have risen again, always granting the limits of London rehearsal-time: routine playing is no longer routine, and marks only an occasional off-night. The LPO and the revived Philharmonic can vie confidently with the honoured London Symphony, and only the other day Dorati drew beautiful playing from the Royal Philharmonic—or sections of it, anyway—in Mahler's Third. We continue to need the BBC Symphony for its repertoire.

Our orchestras' official chief conductors have been more regularly on hand than in some years. Abbado led a searing performance of Bartok's *Miraculous Mandarin* with the LSO just before they all set off for America; Riccardo Muti offered polished accounts of a number of *things* with the Philharmonia (and Lorin Maazel an Olympian *Missa Solemnis*, and John Pritchard a resplendent Berlioz *Requiem* in St. Paul's). There were Jovian readings of Brahms' Fourth and Beethoven's Seventh by Solti and the LPO, though this year Solti's concert *Rheingold* and his Royal Opera *Parsifal* (against appalling odds in Terry Hands' production) will be remembered above all.

Most of the concerto performances I heard were curate's eggs, though Brendel, Bernhard Klee and the Royal Philharmonic revived Weber's little *Konzertstück* brilliantly. The ceaselessly enterprising London Sinfonietta brought Ernst Kovacic to play the lovely, wholly individual Violin Concerto that H.K. Gruber has dedicated to him (though economy required its orchestral strings to be reduced). More solo recitals stay in the mind: there was Jessye Norman's *seemingly definitive account* of Beethoven's Gellert songs, Souzay's veteran wisdom in Schubert's *Winterreise*, Alicia de Larrocha incomparable in the *Ibéria* of Albeniz, Radu Lupu in Schubert, and Sarah Walker and Thomas Hemsley taking turns with Wolf's "Spanish" songs. In a Sunday recital at the Royal Opera, Fischer-Dieskau and Wolfgang Sawallisch addressed themselves to Schumann with enormous effect.

Performers of a newer generation who made striking impressions included a notably stylish pianist, Enrique Perez de Guzman (*besides* an older pianist from the Iberian peninsula, Sequeira Costa), and a fine Japanese exponent of *Lieder*, Mitsuko Shirai. John Hendrickson, a Canadian pianist of great promise, made a fleeting appearance, and the Cypriot Nicolas Economou proved to be a natural and exciting virtuoso. While the Sinfonietta and the *Nash Ensemble* (two bodies with considerable overlap) displayed their usual sterling resource in chamber and chamber-orchestral music, the best new string quartets were foreign — the Buchberger from Frankfurt, the multi-national, nominally Dutch Orlando.

Beyond the Solti *Parsifal* and parts of the Davis/Friedrich *Ring* cycle at the Royal Opera, the most memorable operas—on a variety of counts—that I met were out of town or abroad: Goodall's inspired *Tristan* for the Welsh National, of course (and Pountney's staging of Janacek's *Cunning Little Vixen* for them and for Scottish Opera), the charming Cologne *Matrimonio Segreto* at the Edinburgh Festival, the forgotten national epic *Thijl* (by Jan van Gilse) at the Holland Festival, the honestly touching *Of Mice and Men* (by Carlisle Floyd after Steinbeck) at Wexford. Karajan's sumptuous *staging of Aida* at Salzburg was relentlessly imposing; but in a year of music graced by many Grand Old Men—I haven't mentioned Kempff's elevated late Beethoven at the Festival Hall—I recall Karl Böhm's *Salzburg Ariadne* with pure, joyful gratitude.

DAVID MURRAY

★

Buried among the musical memories of the past year is a strange paradox. The orchestral concert is long established as the lynchpin of our musical life, and the health of the permanent symphony orchestras is regarded as a barometer of its condition. Yet scanning back over the highlights of 1980 certainly sharpens a number of fading images, but few of them are of superlative orchestral performances, of bands driven expertly and to the limit of their virtuosity. The London orchestras have generally maintained an efficient standard of blandness, supplying an undemanding and unimaginative product to apparently passive consumers.

The authentic spirit of delight must be sought elsewhere then. But memories are rarely of entire evenings, more of isolated performances: a spiritual transfiguration wrought by individual genius, a premiere that delighted and surprised by its perhaps unexpected quality. The single exception to this generalisation was the recital of baroque flute music given in the Elizabeth Hall at the beginning of November by Jean-Pierre Rampal and Trevor Pinnock, which was a staggeringly comprehensive display of artistry wedded to stylistic fidelity. Together with the unfailing beauty of Maurice Bourgue's oboe playing—I was lucky enough to hear him in Mozart's oboe concerto during the Three Choirs Festival—Rampal continues to uphold the reputation of French woodwind playing.

Performances of the Emperor Concerto by Alfred Brendel and of Beethoven's second piano concerto by Stephen Bishop-Kovacevich each in its very different way stood out from the main crop. Brendel's approach, deliberately unmassive, fluent, suggested a snapshot view of the work, an interpretation to be tried out for its veracity, while Bishop-Kovacevich (with the European Community Youth Chamber Orchestra making its London debut) showed his familiar strengths, unencumbered for once by worries of technique, or simple nervousness, a plain and entirely truthful account. Yet all displays of keyboard dominance in the year were outstripped by Emil Gilel's appearance with Lorin Maazel and the Philharmonia Orchestra in Brahms's second piano concerto. To those who admire his recording of the work, the occasion was an extraordinarily powerful reassurance, seemingly even more intense and physically immediate now than it was a decade ago.

Gilels' performance overshadows everything this year in much the same way that Yehudi Menuhin's playing of Bach's D minor Partita carried all before it in 1979. But Menuhin, *towards* the year end, *gave* an account of Brahms's G major violin sonata with Louis Kentner that had its own enduring quality, not just because it ended a concert that had alternated the mediocre with the embarrassingly bad. *Menuhin still* possesses the priceless gift of natural lyricism, which when under technical control gives him a spontaneity of phrasing setting him apart

The most healthy development in contemporary music was undoubtedly the *rebirth* of the Society for the Promotion of New Music, with a new energetic administrator and an autumn programme which at last did what the society should always have been doing, providing young *composers* with the opportunity of well-prepared, professional performances. But it was left to the most venerable and venerated of our living composers to provide the year's finest new work. That Michael Tippett should produce what may well come to be regarded as his greatest orchestral work in his 75th year, confounding expectations once again, provided a wonderful focus for the birthday celebrations. The Triple Concerto for violin, viola, cello and orchestra heard at the Proms ties up a number of stylistic loose ends, which in the works from *The Ice Break* onwards have failed to convince but at the same time it returns to indulge Tippett's most precious gift for a natural melodic line, the ability to transform through lyrical ecstasy.

Peter Maxwell Davies's *The Lighthouse*, produced at the Edinburgh Festival, may not be its composer's finest achievement nor presage any radical stylistic advances, but it does mark a new stage in Davies's acquisition of a dramatic craft. The libretto is finely honed, stripped of all fat and perfectly married to the musical structure of this one-act opera with perfectly judged prologue. (The trip to Edinburgh for *The Lighthouse* also gave an opportunity to hear the Amadeus Quartet, away from the inhibiting acoustic of the Elizabeth Hall, and revealing a seemingly lost ease). Colin Matthews's String Quartet, heard at the beginning of this year's Aldeburgh Festival, was arguably the most achieved work from a composer below the generation of Davies; its relatively traditional language, with audible roots in Britten and Tippett, was a thought-provoking example of a retrenchment of radicalism and a re-ordering of priorities among the younger generation.

But composer of the year ought to be George Benjamin, previously spoken of in terms of potential rather than achievement but coming to a precocious maturity with the orchestral *Ringed by the flat horizon*. Given its first performance at Cambridge in March, it was brought to the Proms. Along with Tippett's Concerto, Benjamin's inclusion brightened a drab Prom season, deprived of much of its most interesting new music by the sad Musicians' Union strike and made drabber still by most of what remained. Benjamin looks to be the great hope of the next few years; perhaps the biggest surprise of 1980 was the failure of a number of young composers to build upon or even consolidate their previous achievements.

ANDREW CLEMENTS

Max Loppert will be reviewing opera in 1980 in a later article.

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Opening up the airwaves

IT MAY seem odd, but it works: this is how the Independent Broadcasting Authority itself sometimes describes to foreigners the system of allocating independent television franchises in Britain. After the two previous rounds of television-franchising decisions, the IBA's members have based this confidence on the claim that British commercial television is the best in the world, that the British television companies have on the whole been profitable and artistically and technologically progressive, and that viewers have generally been satisfied with the services they provided. During the eight years of the new contractors' tenure, however, much could happen to overturn these comfortable assumptions.

Paternalism

The IBA's new franchising decisions, announced on Sunday, were most striking as a reminder of the fact that the administration of broadcasting is one of Britain's last great bastions of paternalism and arbitrary authority. It may be that the dozen IBA members were performing a highly valuable public service in deciding to renew the franchises of 15 contractors and reject the applications of two others.

It may be that Westward and Southern really had performed inadequately, or less adequately than can be expected of their prospective substitutes. It may be that the public really does want or need more regionalism (though some might call it *parochialism*) in the programming and control of television. It may be that the backers of breakfast television will really be better off if they have to wait an extra year before they can begin broadcasting. But it seems extraordinary that decisions on matters vital to the employees and shareholders of the television companies and significant to the 97 per cent of the British people who own televisions should be taken with no explanation, little public participation and totally at the IBA's discretion.

Subjective

The IBA's members are, of course, in an impossible dilemma when it comes to choosing between the rival claims of bidders for the more lucrative television franchises. Inevitably the decisions actually taken will always appear arbitrary, since they require a handful of men and women to make subjective judgments, on the basis of criteria of their own choosing, on behalf of tens of millions of others.

What is hard to accept, however, is the apparent *satisfaction* with which successive governments have regarded this imperfect procedure. To the present Government, in particular, it should be obvious that arbitrary regulation by a quango is not in principle the best way of providing the public with the service it wants and deserves.

Admittedly there are difficulties in applying free market principles to broadcasting, as opposed, for example, to publishing. There is the physical limitation in the number of frequencies available. There is the relatively high cost of entering the television business. There is the fact that television viewers do not pay directly for the programmes they watch, so that their preferences are in effect determined by advertisers. The experience of competitive broadcasting in America is regarded by many as an indication of the perils of allowing television too much commercial freedom.

Technology

The trouble is that, in Britain, each of these arguments against competition has been stretched well beyond the limits of its validity. For example, there are at least eight television channels potentially available for broadcasting in most parts of Britain. The existence of a strong publicly funded broadcasting corporation in Britain could guard against a decline in standards if this was recognised by the BBC as a clear objective. Most importantly, technological changes could rapidly overturn all the arguments against competition by allowing a proliferation of cable and satellite broadcasts for which the viewer would pay at the time of consumption.

It will increasingly be a cause of regret not only for the viewing public, but also for Britain's thriving television industry, that the Government, even more than the IBA and the BBC, seems inclined to resist, rather than foster, this kind of technological progress. The fate of "experiments" such as breakfast television, cable television and local radio should, as far as possible, be determined in the market place and not over the green baize tables of the IBA and the Home Office.

Miscalculations in the Gulf

THE WAR between Iraq and Iran has not provoked the crisis feared during the first weeks of fighting, but may yet prove as intractable as the search for a solution to the American hostages issue. The conflict has remained confined to the northern Gulf. The strategic Strait of Hormuz, through which 60 per cent of OPEC oil exports pass, has not been blocked. The battles between the combatants have been limited. The West, breathing a sigh of relief, has come to regard the conflict with a degree of complacency. After all, the Organisation of Petroleum Exporting Countries, meeting at Bali, did not react to the cut off in oil supplies from its largest exporters after Saudi Arabia by introducing a swingeing increase in prices.

Consensus

Yet the Iran-Iraq war still has the potential to provoke a major crisis. The phoney war of the last two months will not necessarily last. The Iraqis made an initial miscalculation when they launched their first attacks in September by assuming that the evident chaos in Iran meant that a swift military blow would bring down Ayatollah Khomeini. On the contrary it has strengthened his hold on Iran. Even his death would be unlikely to bring peace nearer. Right or left, clerical or lay, *almost* the only policy on which there is a broad measure of consensus in Tehran is fighting Iraq.

Over the past three months the Iranians have shown that they have the capacity to defend their cities in the oil province of Khuzestan. At the same time, they have been unable to organise any significant counter attacks on Iraqi positions. It remains possible, however, that in the spring the Iranians will be able to reorganise their army and militia units to try to eject the Iraqi forces.

Sacrifices

The war is still popular in Tehran. Ayatollah Khomeini has the advantage of never havin[g] promised his adherents gu[ns] and butter. With the latter [in] short supply, his ascetic visi[on] makes it easier for the Iranian leadership to call for the sacrifices inevitable in a long war. President Saddam Hussein, Iraq's leader, is less happily placed. It is necessary for him to prove to Iraqis that war will not mean heavy casualties and economic sacrifice. There has not yet even been a general call-up of reserves for the Iraqi army.

The factional fighting in Iran masks the capacity of the country to make war. Indeed, a foreign war is useful in so far as it diverts some revolutionary energies away from domestic in-fighting. Thus all attempts by Iraq to make peace, retaining only enough territory to claim at least a cosmetic victory over Ayatollah Khomeini, have proved fruitless. The road to power in future in Tehran may well be through a successful record on the battlefield. This implies that Iran will fight harder as the months pass and not let the war stagnate. Just as Iraq and the West miscalculated before the war in believing the Iranian regime to be fragile, so now conventional wisdom supposes that the war will wind down because of the political and military inability of either side to fight to a finish.

Compromise

This may prove optimistic. Phoney wars have a habit of turning into real wars. Iran's 35m population is more numerous than that of Iraq and all the Arab states east of Egypt combined. Having weathered the initial storm of war, the Iranians have passed the moment at which they were most vulnerable. This is not fully appreciated in Baghdad. There the conflict is still regarded as if it were a Middle Eastern dispute to be concluded by some compromise deal. Instead, the Iraqis and the rest of the world may find that the Iranians mean exactly what they say when they claim that they will not discuss peace until President Saddam Hussein is overthrown. Over the past year sympathy for the Iranian revolution has rapidly dwindled among the Moslems of the [Ar]ab world, but Iran may still [tr]y to spread the creed of a [pur]ified Islam through force [of a]rms.

WORLD STOCK MARKETS IN 1980

Shift from bonds to equities

By John Makinson

THE stock market investor who used a slide rule to calculate his international equity strategy for 1980 may be wishing by now that he had picked up a crystal ball instead. The performance of the world's stock markets this year has defied the economic data and made many traditional measurements of share performance look inadequate at best.

Almost all the world's main markets showed substantial gains on the year, despite the competition of very high interest rates and the development of a recession that was deeper and longer than had been forecast a year ago. On the political front, markets have mostly shrugged off developments in Afghanistan, the Middle East and Poland. Against this apparently depressing background, the World Index compiled by Capital International, a Swiss based group which compiles international stock market data, has risen by over 17 per cent.

British investors, in particular, were well placed to take advantage of the rise in world markets—and the strength of sterling—in the first full year since the abolition of exchange controls.

The bugbear of almost all markets has been the sharp rises in short-term interest rates. In February, and again since October, the rise of U.S. rates to record levels caused both institutional and private investors to switch out of equities into high-yielding short-term assets. By mid-April, however, share prices were already pulling strongly out of the first trough and the more recent shake-out has failed to make much of a dent on market levels.

The periodic appeal of short-term money has been its ability to match, or sometimes exceed, the local rate of inflation. This concern with matching or beating inflation has also proved a principal driving force behind the upward movement in share prices. High-quality bonds have traditionally been viewed as the soundest store of value. Yet the sharp fall in bond prices over the past three years has undermined this assumption.

Bond-holders have found themselves with an asset which has not only depreciated in value but has proved more erratic than equity. Recent studies by two leading U.S. brokerage houses, Salomon Brothers and Goldman Sachs, have shown bonds to be more volatile assets than shares. A $100 IBM bond floated in October 1979 was quoted at $82 early this year, recovered to $102 and is now back down to $80. An investment in IBM equity would have proved less risky.

Institutional investors have therefore increased the weight given to stocks in their portfolios and they have generally been liquid enough for this shift to make a marked impact on the equity markets. U.S. corporations have been accelerating their pension fund contributions in order to match their eventual liabilities. And the international growth in *real* incomes during 1978 and 1979 has also helped to fill the institutional coffers.

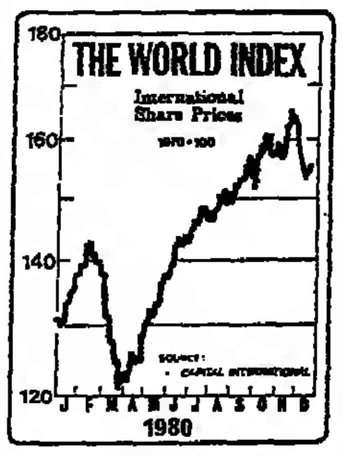
Much of this liquidity has been ploughed into the stock markets and fund managers in all the major western economies report that they have increased the equity component of their portfolios over the year, mostly at the expense of short-term deposits. According to one U.S. brokerage house, pension funds were ploughing only about 45 per cent of their inflows into stocks between 1974 and 1979. The percentage has now risen to around 85 per cent in some cases. A typical U.S. portfolio would now comprise 65 per cent equity, 10 per cent cash and 25 per cent bonds, one U.S. fund manager said. At the beginning of the year, the proportions would have been roughly 55 per cent, 15 per cent and 30 per cent.

The shift has long-term implications for the stock market since, at least in the U.S., institutions generally take at least five years to reverse a move towards equities or debt. Between 1968 and 1973, the fashion was clearly for equities, a trend which was reversed in the next five years. The shift back towards shares gathered momentum this year.

Shift back towards shares gathered momentum this year

Although the flow of funds is hard to track, there is growing evidence that OPEC countries are ploughing an increasing proportion of their surpluses into equities. The United Arab Emirates, Qatar and Kuwait are believed to be particularly active, operating mostly through banks in London and Switzerland. The principal beneficiary has been Japan, where foreigners have chased the basic industrial companies which have been mostly out of fashion elsewhere.

> ❛ Clearly, investors are now demanding a high yield from bonds to compensate for the rapid erosion of capital by inflation. Equally shareholders are expecting dividends to rise smartly once economic activity picks up.❜



By the end of November, foreigners had made net purchases totalling Y550bn on the Tokyo exchange, the first time in five years that they had been net buyers. One Japanese broker estimated that between 60 and 70 per cent of the purchases emanated from the Middle East. In the past three months 11 Japanese companies have reported an increase of over 10 per cent in foreign stock ownership, while Credit Suisse has become the fifth largest holder of Hitachi stock.

The Japanese market is by no means cheap, as the table shows, and most of the purchasers are believed to be making long-term investments. This is reducing the number of shares floating on the market, already restricted by prodigious inter-company holdings, and driving up the index. UK and U.S. funds have also been heavy buyers of Japanese stock, in part to take advantage of the rising yen, the most attractive currency play of the year.

Finally, the private investor has made a comeback on several of the main markets. In Paris, the Loi Monory, which provided a package of tax incentives to encourage private investment in stocks, has increased the ranks of shareholders by about 800,000 over the past two years. In the U.S., a recent study showed that the number of individual direct shareholders there had risen from 25.2m in 1975 to 29.8m this year. This seems to be the result of higher real incomes and the prospect of a Reagan-inspired cut in capital gains taxes.

In Canada and Australia, the private investor has been drawn in by the strong performance of the resource stocks while the small shareholder has been keeping the markets of Hong Kong and Singapore on the boil. Resource stocks usually cover everything that can be extracted from the ground.

The Reagan victory was generally viewed as positive for the New York stock market, and elsewhere domestic political developments gave markets confidence. Helmut Schmidt was returned in West Germany; it still seemed likely that Valery Giscard d'Estaing would win next year's French presidential election; and the conservative Liberal and Country Party was returned in Australia.

Although shares have recovered some of the respectability which they lost in the bear markets of the mid-1970s, they are still no firm hedge against inflation. None of the world's major markets currently yields much over 6 per cent (ignoring local tax credits) and the gap between bond and equity yields has rarely, if ever, been higher.

Clearly, investors are now demanding a high yield from bonds to compensate for the rapid erosion of capital by inflation. Equally, shareholders are expecting dividends to rise smartly once economic activity picks up, which would narrow the yield gap. But, even over the medium-term, few fund managers are expecting to beat the inflation rate through dividend income.

Investors have, therefore, shown a marked predilection for capital growth over dividends. And this theme has been a common link between the often differing performances of the world's major markets.

In general, the investor will have received the best overall return this year from stock markets with a heavy weighting towards resources or property assets. They have been markets offering low yields but a strong potential for capital gain. For the most part, they have also been the most volatile.

The Toronto index has risen by over 25 per cent this year on the back of the country's mineral and hydrocarbon reserves. Resources have also propelled the Sydney Ordinary Share Index up by about 35 per cent and the Johannesburg Industrial index up by 31 per cent. The Johannesburg Gold index, not surprisingly, has risen still faster. Finally, Hong Kong's Hang Seng index, which is weighted towards property shares, has climbed by about 70 per cent.

Increasingly, the fashion for resources has spilled over into other areas of the market. Companies which will provide the infrastructure for the development of resources have met strong demand and, at least in the case of South Africa, the belief that mining revenues will protect the country's growth rate has benefited the whole corporate sector.

The other vogue of 1980 was high-technology. Here again, investors were buying highly-rated shares with little or no income, either in the hope of short-term capital gain or in the belief that capital appreciation would eventually be supplemented by a rising dividend stream. Smaller U.S. and Japanese companies with interests in office computers and communications were particularly popular although even such a large company as Warner Communications saw its share price almost double over the year.

The fashion has at times risen to a frenzy. When Genentech, the San Francisco bio-technology company, was floated on Wall Street in October, the share price roared up from $35 to $88 on the first day.

The fashion for high-technology rose to a frenzy

The interest in resource-based and high-technology companies can be judged from the plethora of convertible bond issues which have been seen this year. Almost all have been for exploration companies or technology groups with space-age names. They have also been overwhelmingly for small companies.

Small company shares clearly outperformed the blue-chip in 1980 though, not surprisingly, they were also more volatile. The index of the American Stock Exchange which deals in smaller stocks has risen roughly twice as fast as the New York Stock Exchange indices over the year.

This background helps to explain why West German markets have performed so poorly. Despite its yawning payments deficit, the country's economic condition still remains healthy, at least compared with many other Western countries, and the market did not look expensive at the beginning of the year when measured against the traditionally powerful performance of the West German corporate sector.

Yet the German tax structure encourages a preoccupation with dividend income (the yields shown in the table are worth half as much again to domestic investors after tax credits) and places relatively little stress on capital gain. With local money market yields consistently above the level of gross dividends, there has been little incentive to invest in stocks for income.

Furthermore, the stocks which have proved so attractive elsewhere are virtually absent from the German markets. The country has virtually no natural resources and smaller companies rarely find their way on to the market, preferring to seek capital from the banking system.

Alone among the world's major markets, West Germany finished the year below the levels of late 1979. The only other markets to show a loss were comparable in profile. Amsterdam was down by almost 10 per cent, Brussels lost about 19 per cent and Zurich finished slightly over 1 per cent lower.

Overall the year was characterised by heavy trading and a wide divergence in price movements. Volume on the NYSE is up by almost a half on last year and investors are increasingly examining individual stocks rather than buying into a market or a whole sector.

This is partly a product of more detailed and sophisticated analysis, on an international scale, but also of the wide gap between performers in any one sector. This year, for example, the strong profits gain of Deutsche Bank and the steep decline at Commerzbank have destroyed the idea that German banks regularly increase their earnings in roughly equal measure.

In the past couple of months some of the fashionable stocks of 1980 have over-reached themselves and suffered reverses. Both energy and technology shares have fallen on the major markets. But the international investor should remember this time last year, when stock market Cassandras were writing off the energy sector as overvalued.

1980 PERFORMANCES IN THE SIX MAJOR MARKETS

	STOCK MARKETS					BOND MARKETS		MONEY MARKETS		ECONOMIC DATA		
						Average yield on long-term Government bonds		3-month money rate				
Index	Market change over 1980%	Average p/e end 1979	Average p/e end 1980	Average yield end 1979	Average yield end 1980	end 1979	end 1980	end 1979	end 1980	Trade weighted currency movement %	Current account balance $bn 1980 forecast	GNP growth 1980 forecast %
New York S & P 500	+23.1	7.6	8.8	5.4	4.7	10.2	13.6	14¾	20	+2.7	+5¼	−½
Tokyo SE Index	+6.1	21.2	19.9	1.5	1.5	8.6	9.2	8½	10½	+20.6	−13¼	+5
London FT All-Share	+26.7	7.8	8.8	6.8	6.1	13.8	14.0	16¾	14¾	+10.4	+4¼	−2½
Toronto TSE Composite	+23.1	8.7	8.7	3.7	4.0	11.3	13.2	14	17¼	−0.9	−3¼	−¼
Paris CAC Generale	+9.2	7.2	6.7	5.6	6.1	12.6	14.7	14½	12¼	−6.0	−7¼	+1½
Frankfurt Commerzbank	−4.8	8.6	8.0	3.8	4.0	7.9	9.0	8¾	10½	−7.4	−17¼	+1¼

Sources: Datastream International; Morgan Guaranty; Bank of England; OECD

MEN AND MATTERS

Breakfast on the frontier

Was it President Kennedy's Camelot, or perhaps more mundanely Captain Kirk's Starship Enterprise, that was in the back of David Frost's mind when he told me last night that breakfast television was "the Last New Frontier?"

Brimming over with enthusiasm, the TV-AM showman gushed praise and compliments to all involved with the project. Not least the IBA, whom he described as "tremendously successful" in their ability to hush up the names of his all star cast of presenters.

It was the secrecy, the challenge and the frontier spirit that persuaded the likes of Anna Ford to step from the safety of ITN's Wells Street and Esther Rantzen to venture from the BBC's Television Centre, he explained.

Indeed, such is Frost's infectious confidence that he and TV-AM chairman Peter Jay have also persuaded their entire team to make personal investments in the project. The exact size of the stockholdings, however, remains for the moment undisclosed.

Was Frost worried about the possibility that the BBC would jump the gun and launch a "spoiling" breakfast show before TV-AM's debut in January, 1983?

Nothing, it seems would dampen his exuberance. "We had always taken that into our calculations," he told me, "but either way it will have a synergistic effect. If they start first it will prepare the way."

"The answer to your prayers I suppose . . . waking up with Anna Ford!"

Booked up

As if Sunday's triumph and his earlier much-heralded £1m contract with Australian television were not enough for his boundless energies, I hear that Michael Parkinson has set in motion a further project worthy, in the current economic climate, of Sisyphus.

Together with lyricist Tim Rice and former Weidenfeld and Nicolson director Colin Webb, the chat show host is launching a modest publishing house, Pavilion Books, from offices in St. James's. The Parkinson-Rice-Webb team will chip in the £75,000 start-up capital, while Michael Joseph will undertake production.

"I haven't been involved in publishing before," Parkinson tells me, "but as an author, it seems clear to me that things are not run properly in the publishing industry. We'll be running the whole thing ourselves and there will be no dead weight. It is going to be a very slim operation."

Off-target

Second thoughts about life in the unit trust world are about to lead to the surprise resignation of John Pattisson, deputy chairman and chief executive of RIT subsidiary Target Trust Managers. Pattisson, managing director of Target's then-parent Dawnay Day when it was swallowed up by Jacob Rothschild's rapidly expanding empire, took up his present job in the summer and was destined for the top spot on the retirement of Target founder and chairman Tim Simon.

"It was obviously something he didn't want to do," says Francois Mayer, the Swiss-born managing director of RIT, dismissing any idea of a row. Pattisson has indicated his wish to take up an outside appointment, and into Simon's shoes will step Edward Clowes, chairman of Target Life and a director of Hume Holdings.

So why the eleventh-hour change of heart? Pattisson's only comment is that the decision is "personal," adding that he fully supports RIT's intentions towards Target.

Observers, however, feel that the limited nature of Pattisson's experience of unit trusts may have been a factor.

RIT, meanwhile, has ambitious plans to develop Target Trust Managers alongside the insurance subsidiary Target Life, widely considered the jewel in the Target group's crown. The pundits at St. Swithin's Lane see great scope over the next few years in the field of unit linked life insurance.

Bin-ends

The plan by auction house Christie's to introduce its sales of fine wines to American topers has, I understand, encountered something of a bottleneck. Wine sales began with the founding of the London auction room in 1766, and now account for some $6m sales annually in London, Amsterdam, and Geneva. But three New York liquor retailers have blocked expansion on to their home territory by successfully contesting the issue of a necessary permit by the state's Liquor Authority.

The retailers argue that Christie's would enjoy unfair advantages over other liquor sellers. It does not, they say, incur the expense of maintaining a liquor store, and is thereby exempt from a number of state licensing requirements. Moreover, they say, the auction house is able to collect wines for resale from the cellars of private individuals, something New York retailers cannot do unless the individual also holds a state licence.

For its part, Christie's claims its proposed two sales a year in the U.S. would be a boon to the local wine business, since, it says, American connoisseurs are being exploited by New York retailers charging huge prices for rare wines in the absence of an auction market. The argument, followed closely no doubt in cellars throughout the city, continues.

Full house

The opportunity to snap up last minute West End tickets at half-price has won the enthusiastic support of London's theatregoers. The modest booth opened in Leicester Square at the beginning of this month now accounts for up to 1,000 of the 35,000 West End tickets sold each day, with some three-quarters of the 43 members of the Society of West End Theatre patronising the booth. Initial doubts among theatre managers about the scheme would seem to have been dispelled: the non-participating houses are, says SWET development manager Vincent Burke, predominantly those fortunate enough to be filling their houses from box-office sales alone.

Burke confesses to having been taken aback by the popularity of the booth. It went into action in time to help theatres through the traditionally slow pre-Christmas period. But with the festive season now upon us, cut-price ticket-hunters are prepared to queue for an hour or more to secure their seats.

Mouthpiece

Overheard in Harrod's: "Talk? My dear, when she holds a conversation, she never lets go!"

Observer

THE ITV CHANGES

A year-long soap opera

By Arthur Sandles

IN MANY ways the drama of events at the Independent Broadcasting Authority's Knightsbridge headquarters on Sunday afternoon was simply the opening episode of what could prove to be a year-long television soap opera.

In outlining basic decisions which were remarkable in themselves, Lady Plowden now bows out as chairman of the authority and hands over what could be some extremely thorny problems to her successor Lord Thomson of Monifieth. Telling companies to shut up shop, open new studio complexes, sell shares and reorganise boards is one thing. Getting everything done in the year that is left before the new franchises start is quite another.

None of the companies has been handed a contract and asked to sign on the dotted line. In each case the IBA has "decided to offer" the franchise and has thus simply moved the debate a little more into the open. A great deal of hard bargaining remains to be done. In theory, it is still possible for the IBA to change its mind and indeed three companies, ATV, Yorkshire and Tyne Tees, have been given formal notice to comply with new IBA rulings or face replacement.

In ATV's case the company is eager to comply and the only real problem is time. It has to approach the supporters of the two rival consortia for its Midlands region to see if they want any of the 49 per cent of the stock which must now be offered. Managing director Lord Windlesham has made it quite clear that his understanding of the IBA decision is that the rival consortia themselves will not be involved, only their backers. ATV (which also faces the problem of finding a new name) may find its greatest difficulty in the form of Elstree studios. The IBA has told the company that it must move all its basic production to the Midlands and that Elstree may be kept only as a reserve centre. If life at parent ACC were easier, then chairman Lord Grade might be interested in taking Elstree off ATV's hands for his own film activities, but that is not the case.

The unions have already fired warning shots about disturbance to their members in the IBA changes and may be less than willing to co-operate in the phasing out of Elstree in exchange for a new production centre in Nottingham.

Staff may prove to be a tricky area for the new franchise companies, too. Although both TV-South and TSW (Television South West) have assured employees of the companies they are replacing that they will be offered jobs, and indeed both have been told by the IBA to make such an offer, the mechanics of change may be less than simple. The law is somewhat different now than it was 13 years ago when TWW was fired.

If employees of Westward and Southern are to be made redundant on December 31 of next year and then hired by the new contractors, the costs involved could be daunting. There is also a chance that some of the more experienced and longer-serving staff will simply take their redundancy pay and go—perhaps even to the Fourth Channel or Breakfast TV.

While the companies are working that one out, they also have to involve themselves in negotiations with the IBA over their own share structures. Although all the companies

SOUTHERN

ATV

WESTWARD TV

Lady Plowden, chairman of the IBA, which has deprived two of these companies of their franchises, while ATV faces big changes.

made detailed proposals to the IBA about share distribution, it does not follow that the pattern will be as set out in these proposals. The IBA wants to see a wider distribution of shares than has been the case in the past, but with a narrower geographic base.

Residents of the Midlands, Yorkshire, the North-East, the South and South-East and the West Country are likely to find themselves with the offer of shares on a "pink slip" priority basis. If you have a local address, you get first bite. Where this leaves the fringe residents remains to be seen. Will a resident of the Thames Valley be able to have bites of TV-South, ATV and Thames (which has been told to dispose of an unspecified slice of stock)?

Among the matters yet to be sorted out is the question of voting stock in ITV companies. The IBA, in spite of its new enthusiasm for democracy, does not want shares in the commercial television system that carry voting rights to be as freely negotiable as those in other businesses. One of the new franchise holders, Television South West, had as part of its bid platform the enfranchisement of all shares. It would be remarkable if the IBA went along with this, in spite of the problems it had over the narrow power base in defeated contractor Westward.

A more likely outcome for this area and others is that the authority will seek to produce a fairly uniform system under which between 10 and 15 per cent of the stock has votes. Clearly, this cannot be imposed on the whole system in one swoop, but that is the IBA ideal.

The IBA fears one-share, one-vote proposals because it is required by Government to monitor the ownership of television companies. It dreads the prospect of waking up one day and finding one of its flock has been the subject of a dawn raid or worse, a dawn raid by foreigners.

The big question, of course, is how popular these shares are going to be, anyway. To answer that means looking into the crystal ball of commercial television profitability over the next eight years.

First, there's the bad news. The recession is biting into television revenues, although perhaps not as hard as some companies are claiming. At the same time ITV's costs are soaring. The last pay settlement in the industry is now seen by management as having been disastrous and it is going to be difficult to claw back the position. Although times are bad, the unions still have enormous strength, especially when one considers the demand that there is going to be for their members' services over the next couple of years.

In the longer term, ITV faces the challenge of new services, including its own fourth channel and breakfast television, and technological innovation in the form of video-discs, cable-TV and satellite transmitters.

But there is some good news. Television traditionally suffers less badly from advertising downturns than other media (indeed the IBA might be justified in worries about its radio system rather than TV). A burst of new services is likely to excite interest in TV, leading to an increase in audiences. And the new stations will be coming on the air when things ought to be getting better, anyway.

In many of the cases where shares will be on offer the fortunes of the companies involved might be predicted as better than average. If economic tides continue to run the wrong way, the areas least likely to be hurt are London and the South—the heartlands of Thames and TV-South. A West Country television station that trades on local pride and independence might also expect to fare well, particularly against a centralised BBC, and even a London-based ITV2.

The real problems may be for the IBA's favourite child, the Fourth Channel. If the ITV companies could convince the the authority that there was still time for an abortion, there is no doubt that this particular offspring would not see the light of day. With start-up costs not likely to be much less than £100m, and revenue not far short of that needed to make the service profitable, the Fourth Channel will be 10 times the size of the breakfast company and place 10 times the strain on the system. Even the most optimistic Fourth Channel supporters and breakfast antagonists do not suggest it will make 10 times the profits.

It is the size of the Fourth Channel burden that poses the biggest single worry for ITV in the 1980s. For the moment, however, everyone is too busy celebrating to think that far ahead.

Why viewers may be unable to see a difference

By Chris Dunkley

THE SHAKE-UP at ITV, resulting from the 1982 franchise decisions, has been described as "the most dramatic in the history of commercial television."

Yet those of us who attended Sunday's tense Press conference at the IBA because of our interest in broadcasting were struck by the fact that the drama and the shake-ups were concerned almost entirely with directors and shares: Lew Grade to sell 49 per cent of ATV; Border (with the unique compliment of having the company's performance "commended" by the authority) to take on a director from the Isle of Man; some Thames TV shares to be sold, perhaps, to the public; and so on.

The matter of programmes and programme standards came a very poor second.

So what effect is this dramatic shake-up going to have on the screen? The answer seems to be: virtually none. The "Big Five" (Thames, London Weekend, ATV, Granada and Yorkshire) which have always provided the overwhelming majority of nationally networked ITV programmes are still the Big Five and will continue to supply "This is Your Life," "Play Your Cards Right," "Crossroads," "Coronation Street," and "Emmerdale Farm," respectively, just as they always have.

Scattered about among the IBA's manifold conditions and recommendations surrounding the renewal of licences there are occasional references to programmes: Scottish is to discuss with the authority the development of programmes for children and "minority interests," Channel to extend its hours, Thames and LWT to improve their regional service and news (not difficult), Grampian to improve programme services "to the outlying parts of the region."

For anything really new on screen we must look to the new licensees. Yet even here it is hard to envisage stating changes. Mr. James Gatward, managing director of Television South which succeeds Southern, has a long list of ITV credits as a producer including the Southern series "Famous Five," so we can expect continued strength in children's programmes from Southampton.

Westward's successor, Television South-West is more mysterious, because its staff is so far undisclosed, though its application names five advisory boards and suggests dozens of series ranging from "How to Speak Cornish" to "Secrets of the Coast." Their licence is, anyway, one of the smallest and the company consequently supplies little to the network.

Which leaves breakfast television, and since we have a deepening recession, the opening of Channel Four and at least two whole years to negotiate before it is even due on the air its final programme content (and, who knows, even its team of famous presenters) must remain in some doubt. Ten years hence, breakfast television will no doubt be with us, but it seems likely that more people will still be listening to the radio in the mornings.

Letters to the Editor

A London listing

om Mr. W. Rawlings

ir.—Alan Friedman's article he rise and fall of Double le" (December 17) should welcomed by the City in ral and by those responsi for the management of istments in particular. Of spal interest is the refusal of e London Stock Exchange to ow a listing on the basis the company "did not have a oven track record," in addn to some other I feel curs comments in respect of the ea in which the funds raise were to be spent.

Bese of this refusal to list, the couver Stock Exchange came the rescue, with the entire predictable result that sooner later there was to be a serio problem of communications. Clearly the market would develop almost exclusivel in London—under Rule 1 (1)(e)—because the vast marity of subscriptions were fro London, but at the same tim statements issued by the management were to be restricted British Columbia market hours—very late in the day for Brsh investors.

Such a station might prove difficult ev with companies likely only he involved with routine statments, but with exploration groups who by their nature are likely to be obliged to report progress frequently the problems ecome acute. I would therefo suggest that had the London Stock Exchange granted a listing as requested the public would have been a great deal better served—and to provide a rvice to the public is clearly the Stock Exchange's prime responsibility.

To turn to the general from the specific the attitude of the Stock Exchange towards the quotation of exploration companies is without doubt due for examination. Granted there have recently been moves to make listing easier but the Council must bear the responsibility for preventing the average individual investor from participating in the North Sea oil exploration phase. Taking it upon themselves to decide that the risks involved were too great resulted in the exclusion of offers for sale by those hopeful of striking it rich.

Such an approach is both insulting to the potential investor, and smacks of "holier than thou" in relation to those exchanges that welcome such issues.

Clearly proper rules and regulations appropriate to the nature of these companies are called for, and the investor, reasonably, would expect some investigation into the quality of the management. Equally where the risk/reward ratios are so dramatic a close watch would be called for on exceptional price movements, for the man on the drilling rig will always be one jump ahead of the game—the answer to which seems to me to be instant suspension of dealings.

If the London Stock Exchange describes the volatility in Double Eagle shares as "one example of an area where we are concerned," I suggest that the solution is to allow a London listing when the market, and investors, clearly are going to be in London. Of course the company had "never made money" while inevitably it "wished to spend it," and the fact is that a lot of intelligent shareholders wished it to do exactly that. Lastly the statement that the application "would have been more acceptable had it been spending it in the UK rather than far away" is almost incredible.

Has the Council forgotten that it was British capital that developed so much of the world's mining and other commodity industry, and is it not in danger of finding itself in opposition to Government policy, now that foreign exchange restrictions have gone.

In the past when venture capital was supplied by the relatively few very rich there was no call for public subscription, but today there is, and the public knows perfectly well that the higher the possible return the greater the risk. One should not forget that the original prospectus for Hudsons Bay must have looked decidedly risky!

W. S. B. Rawlings.
Abbot's Mead,
Carueles Green,
Broxbourne, Herts.

Ice or grit on the roads

From Mr. F. Mesbah

Sir,—Has Mr. Foster (December 23) not realised that it is because the people of this land have "stood up for his or her rights" that prompts Mrs. Thatcher to spell out the facts of life. "If you don't earn it you cannot spend it."

The early morning driver contemplating ice or grit on the roads must take into consideration the conditions and drive accordingly! As for rights, the only right that I believe is due to any human being is a right to dignity. Every other right is really a wrong.

F. Mesbah.
42, Russet Glade, Emmer Green,
Reading, Berkshire.

Subsidies for railways

From Mr. A. Wallis

Sir,—Mr. Seymer (Dec. 23) is absolutely right to point out that British Rail employs fewer staff per train mile than most other European railways. Unfortunately this statistic is misleading. Each BR employee works on average 30 per cent more hours than his Continental counterpart, and, in the passenger sector, only the Italian railways use more manhours per train kilometre. BR is far behind most other railways, using 35 per cent more manhours per train kilometre than the French and 85 per cent more than the Finns. On the basis of these figures, drawn from "a comparative study of European railways performance," my assertion that BR is a labour intensive system seems justified.

Different levels of government subsidy certainly play a part in creating variations in rail fares between nations, but even so, the actual level of fares must be considered as a function of running costs and government subsidy. Mr. Seymer comes extremely close to proposing that the average cost per passenger mile is independent of the relative capital and labour intensities. Such a proposition is quite simply wrong—the key argument for electrification is that costs will be reduced as electric traction is less labour intensive than diesel. It is worth noting that a high subsidy is often associated with low fares as it is a symptom of the Government's desire to have a sound public transport system, and a consequent willingness to invest in new railway equipment.

Mr. Seymer confuses revenue and capital expenditures. More capital expenditure now would reduce the need for future subsidies as well as keeping fares down. It is precisely because Britain can't afford huge subsidies each year ad infinitum that capital expenditure should be increased. But the imposition of cash cellings has reduced investment by limiting both the funds which the Government is prepared to supply and the funds which BR can borrow from non-government institutions. Government funded investment can be justified because higher income earners will contribute more, as they pay higher taxes, but lower income earners will benefit more from the lower fares.

A. K. A. Wallis.
Pembroke College,
Cambridge.

Placing work

From Mr. R. Passey

Sir,—Even at present levels, unemployment seems to be a regional problem, confined to certain sectors of the economy.

As mobility of labour is inhibited by house price differentials, some way must be found of moving work to the reserves of labour, rather than vice versa.

Overworked firms could deliberately try to sub-contract excess work to areas of unemployment, and/or firms with spare capacity could seek subcontract work in areas with labour shortages, by appointing local sales representatives or setting up local subsidiaries.

Government departments could go out of their way to place contracts in areas of unemployment, rather than in the Home Counties.

To give a simple example, if anyone would like to run some plaster cornices or do some decorating or machine a block of aluminium to a sketch drawing I know where such work can be found.

R. D. C. Passey.
40, Belmont Park Ave.,
Maidenhead, Berks.

The price of petrol

From Mr. D. Officer.

Sir, — I feel very strongly about the price of petrol. The amount of oil now being produced in the North Sea should and must now benefit the British people — to me this is just not happening.

It appears that quite a lot of the benefits are being hived off in the way of very high salaries and etceteras to foreign companies. This I know, for I live in the middle of the "foreign boom area."

A subsidy could quite easily be operated at the petrol pump by a simple means of displaying the price and subsidy on the petrol for that month or year.

A. W. Foster (December 22) talks about under-pricing our resources. Is he aware that most of our essentials in life, with the exception of oil, are subsidised?

D. Officer.
Lorast, Johnshaven, Montrose.

Insulation levels

From the Director of Information Cement and Concrete Association

Sir,—Mr. R. Carter (December 23) is totally wrong in suggesting that a good level of insulation is unique to timber frame housing. Traditional solidly built houses with masonry walls of concrete blockwork or bricks have a far higher inherent level of thermal insulation than have the structural cladding elements of timber frame buildings. It is only by the addition of non-structural insulating materials that timber frame housing achieves the desired level of thermal insulation. By the same means traditional construction can achieve exactly the same insulation levels combined with the greatly improved levels of thermal and sound insulation and fire resistance, which is built into masonry construction.

P. J. Witt.
Cement and Concrete Association.
52 Grosvenor Gardens,
SW1.

Granny bonds

From Mr. A. Ferguson

Sir,—One notices from the Press that the National Savings movement is making strenuous efforts to sell the second edition of the so-called Granny Bonds to those aged 55 and over.

This scheme could now prove attractive to those who wish to take care of their cash for retirement. The scheme would also be attractive to many pension contributors in that the pension money put aside for old age would not be "frozen" should a person change jobs. The new arrangements could absorb a considerable amount of pension funds especially if the eligibility age limit were lowered yet again, with perhaps the proviso that funds could not be withdrawn until the age of 55.

A. I. Ferguson.
4, Burns Court,
Marine Parade, Dawlish, Devon.

Savings ratio too high

From Mr. J. Sutherland

Sir,—Samuel Brittan states (December 22) that one of the reasons for the recession is that savings ratio is too high.

At 8 per cent-9 per cent of disposable income, our savings ratio compares with 20 per cent in Japan. Thus the Japanese are not only the most industrious, and richest, nation in the world—they also save far more than any other.

J. D. Sutherland.
Abertay Paper Sacks,
Moil Buildings,
74, Jameson Street, Hull

The arms race

From Mr. A. Neate

Sir,—I find it most difficult to envisage the circumstances in which conflict can occur between the Soviet Union and the West. Presumably the West in its desire for peace will not initiate an attack on the Warsaw Pact powers. Conversely why should the Soviet Union consider it worthwhile starting a war. Perhaps the pressure for increased armament expenditure (Major General Mans, December 29) on both sides comes from the armed services rather than from political considerations.

For the purpose of discussion, however, let us assume that hostilities occur between the major power blocks. Four particular situations must be considered: a conventional war; a conventional war including chemical warfare; a conventional war with tactical nuclear weapons; and a war involving inter-continental ballistic weapons alone.

With conventional arms, and with frontiers ranging from Norway to Turkey, the Warsaw Pact Powers can select the point of attack. Experience in World War 2 has shown that this gives the aggressor considerable advantage. The other major advantages are: a more unified command, considerable superiority in men and equipment, superior logistics, and a more disciplined civilian population. As a result, it is probable, that a large area will be overrun despite the claim by a German General that anti-tank weapons will prevent any invasion of Western Germany. The outcome will be that the country concerned, to avoid complete devastation will surrender. The collapse of NATO will follow.

Conventional arms with chemical warfare: this is difficult to visualise but it appears impossible to defend civilian populations against such an attack and collapse seems likely.

In the case of conventional arms and tactical nuclear weapons it is assumed that after the outbreak of hostilities and the initial penetration by the East the advance will be halted by the use of tactical (limited power) nuclear weapons. This may interrupt the flow of support to the advancing armies and stop the aggression while a counter-strike is mounted. Here again the NATO country involved will be devastated. Similarly the Warsaw Pact power from which the attack was launched will be devastated. I suggest that the most likely outcome will be the collapse of NATO because the frontier states will refuse to be the battlefield and accept destruction to protect other NATO countries.

In fairness to these frontier countries, it is surely reasonable that all NATO countries must accept equal risk.

In a war involving intercontinental ballistic weapons alone strategy requires that vital spheres of interest be defined by the Western powers, interference with which will presage a full scale nuclear exchange. For example—crossing any NATO frontiers, cutting off of essential oil or mineral supplies, interference with shipping and blocking of sea routes, etc., etc.

The outcome of the acceptance of the above as basic strategy of NATO is that tactical missiles and Cruise are no longer required. Further massive expenditure on sophisticated conventional arms is no longer necessary and exercises such as Operation Crusader, which cost some £12m are pointless. Conventional forces can be reduced to the policing of frontiers, fishing grounds, sea routes etc. and small forces for UN purposes.

After nearly 40 years peace in Europe; the sophisticated way of life is such that Europeans are not prepared to accept the privations that a conventional war would require. A nuclear war is the end of civilisation but with widely differing ideologies and suspicion the massive deterrent must be retained. The reduction of conventional forces and their removal from frontier regions (apart from policing), would call the Soviet's bluff—that their armament is purely defensive.

As the world becomes more tolerant and realises that we must all share its resources, the United Nations will be a reality and the need for nuclear deterrents will disappear.

At the beginning I said that I could see no reason for a conflict between the Super Powers and I am convinced that there will not be another World War. The time, however, is not yet ripe for unilateral disarmament.

A. D. Neate.
54 Links Lane, Rowlands Castle, Hants.

UK COMPANY NEWS

Vectis Stone up 20%

INCLUDING NINE-MONTHS results from Columbia Products, taxable profits of Vectis Stone Group, construction, fuel distribution and toiletries concern, have improved, as expected, from £676,000 to £815,000 for the year ended September 30, 1980.

Earnings per 10p share are shown as 4.16p (4.06p) and the dividend is stepped up to 1.8p (1.45p) net with a final payment of 1.2p.

Mr. Alford Collins, chairman, considers the results satisfactory in view of the prevailing economic conditions, and that Columbia—an Isle of Wight-based toiletries manufacturer acquired earlier in 1980 in a deal worth just over £1m—"performed well . . . and has made a significant contribution to group profits."

Sales from the construction division went up from £3.82m to £3.96m, and toiletries contributed £1.47m. The operating remuneration allowed for fuel distribution was £1.37m (£1.22m), on sales of £19.11m (£15.03m).

Surplus for the year was struck after interest charged of £13,000 compared with £62,000 received, and was subject to tax of £351,000 against £256,000.

Group Lotus dives midyear

Taxable profits of Group Lotus Car Companies fell in the first half of 1980 from £839,000 to £314,000. Sales rose marginally from £7.14m to £7.78m.

Mr. Colin Chapman, the chairman, says despite a reduction in car sales the company was able to maintain its overall level of turnover through the continued development of engineering activities.

He says the consequent effect of lower production volumes proportionately increased the group's operating costs per unit which resulted in reduced trading margins.

For the year to end December, 1979, the group reported profits up from £716,000 to £1.25m, but omitted the dividend 10.7p net.

The surplus for the six months after tax came through at £157,000, compared with £292,000—the *comparable* figure was after an extraordinary debit also of £105,000, given as special costs of the U.S. market.

Stated earnings per 10p share *are lower at 2.7p, against 6.8p.*

The group, which produces, sells and services high performance touring cars, will continue to adapt to the changing circumstances of world trade by creating business opportunities in its segment of the specialised car and technology fields.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not **available as to whether dividends are** interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

FUTURE DATES

Interims:

A...s Investment Trust ...	Jan. ?
...and Stothers ...	Jan 14

Final:

Dev... and Par...	Jan 15

● comment

Group Lotus has seen its profits fall by over 60 per cent at the half-way stage, mainly because cars have become very hard to *sell. Falling demand has led to* rising unitcosts , and cars are probably being produced at a loss. The position is made somewhat less bleak by the expansion *of Lotus' activities in contract* engineering, which now amount to about 40 per cent of turnover, keeping the group in profit. The second half—which ends tomorrow—is likely to have been loss profitable: fully taxed earnings per share may well be around *3p for the year. On yesterday's* share price of 24p, down 1p, the prospective p/e is thus about 8. Since there is again no interim dividend, and little probability of a final, the shares are held *on* prospects of a recovery.

Nash £30,000 lower at year end

SECOND-HALF taxable profits of J. F. Nash Securities, the industrial group, improved from £341,000 to £393,000, but struck this time after an exceptional debit of £134,000 the full year figure to September 30, 1980, emerged £30,000 lower at £568,000.

Turnover for the year was down slightly at £34.58m, against £35.11m, but trading profits showed a 27 per cent rise to £1.51m. But after increased interest costs of £806,000 (£591,000) profits were up only 17 per cent at £702,000.

At the interim stage, the directors forecast that despite difficult trading conditions, profits for the full year would be similar to the previous level.

As forecast, a final dividend of 3.5p net maintains the total payment at 6.5p per 25p share. Earnings were down from 9.9p to 6.5p.

Last month, the group announced measures to combat *the severe effects of the* recession on the Reliant Motor Company and group engineering subsidiaries. Most of the redundancies and closures announced then have now been implemented.

Although the costs associated with these measures were incurred after the year end, full provision has been made in the 1980 accounts for these costs under exceptional and extraordinary items.

Tax for the year was up from £206,000 to £293,000, while extraordinary debits totalled £1.24m (£42,000 credits). After minorities, there was a loss of £966,000 against profit of £387,000. Dividends cost £277,000 (£226,000).

Despite difficult trading conditions, particularly in the second *half, the packaging division* achieved the expected growth in turnover and profits, the brick manufacturing side increased profits and the construction subsidiary returned to profitability.

A divisional breakdown of profits shows: motor manufacturing £237,000 (£249,000); packaging £278,000 (£228,000); engineering £100,000 (£278,000); construction and building materials £165,000 (£12,000 loss); other activities £45,000 (£73,000). Central costs *accounted for* £80,000 (£205,000) while losses from discontinued activities were £43,000 (£13,000).

● comment

On its continuing businesses, J. F. Nash Securities managed a *respectable 22 per cent* increase in preliminary pre-tax profit. But attributable earnings have been badly hit by a bigger tax charge and the maintained dividend is only just covered. Following the £1m reorganisation announced last month, the Reliant Motor subsidiary has cut Robin production by a third to 80 a week and slashed *Scimitar output by 60 per cent* to only 10 a week. The packaging business is expected to continue to grow this year, thanks largely to the increasing contribution of defence-related business and the engineering companies look brighter. Orders at Press Operations have improved and this operation may be maintained instead of sold as suggested in November. However, the brick works, which performed well last year, are experiencing quiet trading. Capital gearing is nearly 50 per cent and the interest charge remains uncomfortably high. At 56p unchanged, the shares yield more than 17 per cent. The company may produce marginally improved results this year but the dividend looks precarious.

Substantial opposition to Warren Plantation plans

Substantial opposition to the proposed increase in the authorised capital of Warren Plantation Holdings, in connection with the current rights issue, emerged at an EGM yesterday.

The *motion* was carried with 3.5m shares in favour and nearly 2.5m shares against. A total of *8.4m shares are issued. The one*-for-four rights issue, which is to raise £2.9m for expanding the group's activities in developed countries, has been contested publicly by Mr. Konrad Legg, a director and former managing director who controls 5.2 per cent of the shares.

Mr. Legg said yesterday he objected to the implied change of emphasis in the company's affairs away from plantations.

Mr. H. J. R. B. Salmon, chairman, said at the meeting that the board had "no intention at the present time of *changing* its asset structure, thereby ensuring that we will continue to concentrate most of our resources in our traditional areas."

No questions were asked at the EGM.

The other directors suspect that *Sipef, a Belgian company* that has built up a 9.5 per cent stake this year, opposed the issue as well.

Mr. C. D. Jakes, managing director of Warren, said he considered the outcome of the EGM a vote of confidence in the board. "If *Sipef* decides to *make* a bid, I think we can hold them off."

Mr. Legg said that, as far as he was concerned, the issue was closed. "There has been a conscious decision of the shareholders to change the direction of the company and I have no argument with that." He said he expected to take up his rights.

He declined to say whether he would retain his investment in the company but said he was willing to remain a director if the other members of the board wished him to.

Dealings in the new ordinary shares, nil paid, will begin today and the last day *for acceptances* is January 19. The shares were unchanged yesterday at 175p. The rights price is 145p per share.

TSB transfer unit trust management

The TSB Group is planning to transfer "in house" the investment management of two of its unit trusts in the New Year. TSB Trust Company said yesterday that from early March 1981 the TSB General and Income funds will be managed by the Central Trustee Savings Bank (CTSB), instead of J. Henry Schroder Wagg, as at present.

The move, the company says, "is being carried out as part of an overall TSB Group policy to transfer all appropriate banking and investment services to CTSB." The TSB Trust Company *also wished to stress that it had* been entirely satisfied with the excellent service it had received *from Schroders over the last 13* years."

CTSB has been recently building up its investment management expertise and is responsible for roughly £160m of pension fund money, in addition to the major part of the liquid assets of the 16 regional TSB's. CTSB is also advisor to TSB Gilt Fund Managers (Channel *Islands*) and the Channel Islands Pension Fund.

The two UK unit trusts for which it will soon be responsible currently total more than £130m.

ELIJAH COTTON

Mr. Jack Cheetham and Mr. David Milhurn, partners in the chartered accountancy *firm* Peat, Marwick, Mitchell and Co., have been appointed receivers and managers of Elijah Cotton, pottery company of Stoke-on-Trent.

Mr. Cheetham said it was hoped to sell the company as a *going concern* so it could fulfil forward orders worth £300,000.

SPAIN

December 23	Price %	+ or −
Banco Bilbao	249	
Banco Central	275	
Banco Exterior	327	
Banco Hispano	230	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	282	
Banco Urquijo	145	
Banco Vizcaya	262	
Banco Zaragoza	204	
Dragados	82	−3
Espanola Zinc	46	
Fecsa	62	−2.3
Gal. Preciados	24	−2
Hidrola	71	−2
Iberduero	61	−0.2
Petroleos	77	−3
Petroliber	80	
Sogefisa	102	
Telefonica	61	
Union Elect.	67	+0.6

MINING NEWS

Erfdeel gold mines offer much potential

BY GEORGE MILLING-STANLEY

THE DEVELOPMENT of the R400m (£229m) low-grade gold mining operation in the Erfdeel-Dankbaarheid area of South *Africa's Orange Free State,* which is to be exploited in conjunction with three existing mines, will make Western Holdings the largest gold mining company in the world in terms of milled throughput.

Current plans, disclosed in documents *released to share*holders yesterday, will give the enlarged Western Holdings complex a combined treatment capacity of nearly 8m tonnes of ore per year.

The documents add that if the gold price remains strong, which would prolong *the* lives of Western Holdings and the other mines involved, Welkom Gold Mining and Free State Saiplaas, by allowing them to exploit lower grade ores, then the Erfdeel-Dankbaarheid area will "almost certainly" have its own gold extraction plant. This will raise Western Holdings' overall treatment capacity to about *10.5m tonnes per year.*

The development of the new area has been timed to coincide with an expected fall-off in production at the adjacent mines later in the 1980s. Thus commissioning of a new two-shaft complex is expected in 1988.

A new company, Eastern Gold Holdings, is to be formed to finance the after-tax cost of *turning the new area* to account. Erfdeel-Dankbaarheid will be worked as part of an enlarged Western Holdings *complex*, and will benefit from that mine's tax advantages.

Eastern will provide loans to Western Holdings and this, coupled with the fact that part of the estimated total capital expenditure of R400m will come initially from the new mine's profits, means that Eastern's peak requirements of new money will be around R100m.

The funds will come from shareholders in Eastern, who are: Anglo American 44.5 per cent, Anglo American Gold 9.5 per cent, Duiker Exploration, a Lonrho subsidiary, 36 per cent and Western Holdings 10 per cent.

Eastern will have an 85 per cent share in the gross working revenue and expenditure of the mine, with the remaining 15 per cent falling to Western. This, *plus the latter's 10 per cent* direct stake in Eastern, will give Western a 23.5 per cent share in the profits of the Erfdeel-Dankbaarheid area.

The deal, which is to be put to shareholders of Western Holdings, Welkom and Saiplaas at meetings on January 29, is being recommended on the grounds that it not only opens up a new mine in the Orange Free State, but also enhances the prospects of the three existing mines.

ST. JOE'S NEW CHILE VENTURE

America's St. Joe Minerals, through its *Chilean* subsidiary, has entered into an exploration venture with a subsidiary of West Germany's Preussag and the Chilean companies, Eperva and Indo.

The venture is launching an exploration programme at the Sancarron project, about ? miles north of El Indo, the gold silver and copper mine currently under development by St. Joe Chile.

BANK RETURN

BANKING DEPARTMENT

	Wednesday December 24 1980	Increase + or Decrease − for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	31,732,545	− 2,896,9
Bankers Deposits	487,980,087	− 25,586,4
Reserve & other Accounts	653,502,189	+ 45,903,(
	1,187,767,824	+ 17,420,
ASSETS		
Government Securities	451,659,856	+ 39,5290
Advances & Other Accounts	208,164,454	− 1,0839
Premises Equipment & Other Secs.	501,044,860	− 25,6295
Notes	26,338,366	+ 4,6292
Coin	304,286	− 78
	1,187,767,824	+ 17,4200

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	11,400,000,000	+ 25,0,000
In Circulation	11,373,661,634	+ 20,4,751
In Banking Department	26,338,366	+ 4,6,299
ASSETS		
Government Debt	11,015,100	
Other Government Securities	9,106,448,253	− 18 4,075
Other Securities	2,282,536,647	+ 43?9,075
	11,400,000,000	+ 250,00,000

NOTICE OF REDEMPTION OF

Galveston-Houston International Finance N.V.

8½% Convertible Subordinated Guaranteed Debentures Due 1994
Convertible into Common Stock of Galveston-Houston Company

NOTICE IS HEREBY GIVEN to the holders of the 8½% Convertible Subordinated Guaranteed Debentures Due 1994 (the "Debentures") of Galveston-Houston International Finance N.V. ("International"), that in accordance with the terms of the Indenture dated as of April 15, 1979 among International, Galveston-Houston Company ("G-H"), and Citibank, N.A., Trustee, International has elected to redeem all of the outstanding Debentures on February 10, 1981 (the "Redemption Date") at a Redemption Price of 105% of the principal amount thereof plus accrued interest from April 15, 1980 to the Redemption Date. On and after the Redemption Date payment of the Redemption Price and accrued interest, which will aggregate $1,121.70 for each $1,000 principal amount of Debentures, will be made upon presentation and surrender of the Debentures, together with all unmatured coupons attached, at the offices of the Paying and Conversion Agents set forth below.

The Debentures will no longer be outstanding after the Redemption Date and all rights with respect thereto, including accrual of interest and the right to convert the principal of the Debentures into G-H Common Stock, will cease on that date, except for the right of the holders thereof to receive the Redemption Price and interest accrued to the Redemption Date.

The Debentures may be converted into G-H Common Stock at the rate of 46.154 shares of G-H Common Stock for each $1,000 principal amount of Debentures. In order to effect this conversion, a Debentureholder should complete and sign the CONVERSION NOTICE on the Debenture or surrender to the Paying and Conversion Agent a similar signed notice together with the Debentures to be converted. A holder who surrenders Debentures for conversion will receive a certificate for the full number of whole shares of G-H Common Stock to which he is entitled. No fractional shares will be issued upon conversion of any Debentures, but in lieu thereof G-H will pay in United States dollars an amount equal to the market value of such fractional share computed on the basis of the last reported sale price of G-H Common Stock on the New York Stock Exchange, Inc. ("NYSE") on the last business day prior to the date of conversion. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of full shares which shall be deliverable upon conversion shall be computed on the basis of the aggregate principal amount of Debentures so surrendered. The conversion will be deemed to have been effected on the date on which the Paying and Conversion Agent receives the Debentures surrendered for conversion together with a duly executed CONVERSION NOTICE. No payment or adjustment will be made upon conversion of Debentures for interest accrued thereon. Debentures surrendered for conversion must be accompanied by all of the fourteen interest coupons maturing each April 15 from 1981 through 1994.

Debentures may be submitted for redemption or conversion at the offices of Citibank in: Amsterdam, Brussels, Frankfurt Main, Geneva, London, New York (111 Wall Street only), Paris and Zurich, and at the offices of Citibank (Luxembourg) S.A., Luxembourg, Banque Internationale à Luxembourg, Luxembourg, and Swiss Bank Corporation in Bâle.

GALVESTON-HOUSTON INTERNATIONAL FINANCE N.V.

December 30, 1980

NOTICE
To the holders of:

CONTINENTAL TELEPHONE INTERNATIONAL FINANCE CORPORATION

5½% Guaranteed Convertible Debentures Due 1988

In accordance with the provisions of the Indenture dated as of March 1, 1968 among Continental Telephone International Finance Corporation (the "Company"), Continental Telephone Corporation, Guarantor, and First National City Bank (now Citibank, N.A.), Trustee, the price at which the 5½% Guaranteed Convertible Debentures due 1988 of the Company are convertible into common stock of Continental Telephone Corporation has been adjusted from $24.74 per share to $24.21 per share.

CONTINENTAL TELEPHONE CORPORATION
By: Charles L. Boll, Treasurer

Dated: December 30, 1980

M. J. H. Nightingale & Co. Limited

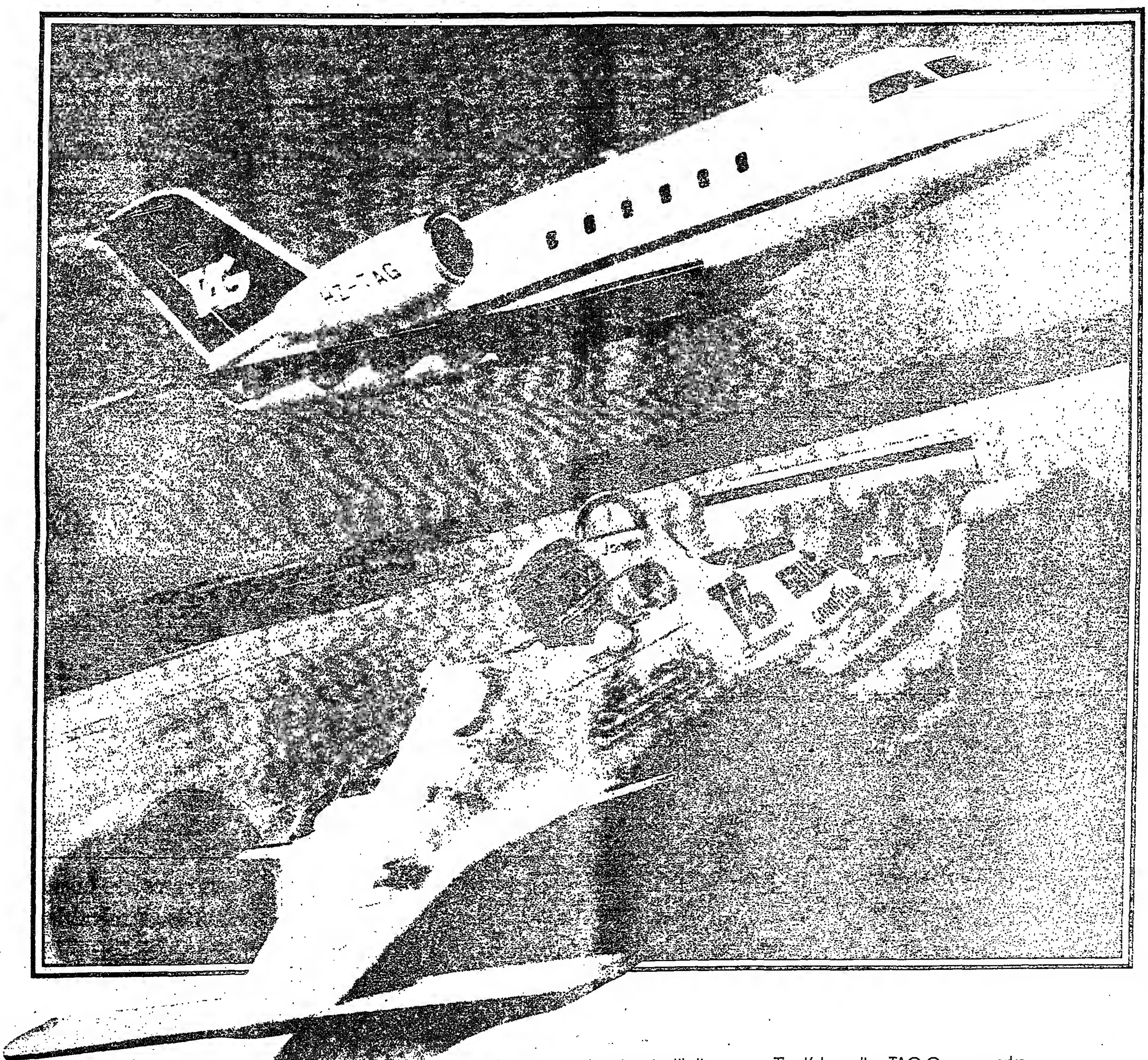
27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	39	Airsprung	60	+ 1	6.7	11.1	5.4
50	21	Armitage & Rhodes	32	+ 1	1.4	4.3	12.?
188	92½	Bardon Hill	188	− 2	9.7	5.1	7.0
1?9	63	County Cars 10.7% Pf	63	—	15.3	24.3	—
101	63	Deborah Services	96	—	5.5	5.7	4.8
126	98	Frank Horsell	120	—	7.9	6.5	3.3
129	60	Frederick Parker	6?	—	11.0	12.0	2.9
126	74	George Blair	79	—	3.?	4.1	—
104	45	Jackson Group	104	+ 1	6.9	6.6	3.?
153	103	James Burrough	1??	—	7.8	6.5	10.4
330	242	Robert Jenkins	27?	—	31.3	9.8	—
8?	50	Scruttons "A"	?1	—	5.3	10.4	2.7
222	175	Torday Limited	22?	—	15.1	6.9	3.8
34	10	Twinlock Ord.	13½	—	—	—	—
83	70	Twinlock 15% ULS	79	—	15.0	19.0	—
56	23	Unilock Holdings	35	—	3.0	6.6	5.4
101	42	Walter Alexander	100	—	5.7	5.7	5.5
251	136	W. S. Yeates	251	—	12.1	4.8	4.?

هكذا من الكهل

هكذا من الأصل

MILES AHEAD.



TAG has the foresight it takes to pick winner after winner.

The TAG-sponsored Saudia/Williams racing team has become one of 1980's great success stories—winning the Formula One World Championship for both driver and car constructors, setting a new world's record for the most points accumulated in one racing year, and capturing the Eutectic + Castolin trophy for car reliability.

TAG became involved with the team in 1978 and was one of the first sponsors of the Williams-designed car.

TAG's ability to pick a winner isn't limited to Grand Prix race cars. Three years ago, we foresaw the Middle East business world's need for a new kind of business jet. And, even though the luxurious wide-body Challenger was then little more than an exciting concept, we became its exclusive distributor in the Middle East. Today, Challenger has been certified to the toughest performance standards ever, with state-of-the art technology that outdates every other aircraft in its class.

That's how the TAG Group works. Ahead of our time and miles ahead of the competition in finance and investments, trade promotion and assistance, aeronautics, construction and equipment, tourism, hotel and agro-industries.

TAG Group SA, 6 Rue Leo Delibes, Paris 75116, France.

TAG

APPOINTMENTS

WILLIAMS de BROE HILL CHAPLIN & COMPANY

CORPORATE FINANCE

STOCKBROKING

To expand this Department we are seeking a Corporate Finance Executive. The successful candidate should preferably be aged 35-45 and will probably have a professional qualification although this will not be essential if he or she has previously had good experience in this work.

The Executive will be involved in a wide range of corporate finance activities and will be expected to attend most meetings with corporate clients of the firm, marketing the firm's services and developing new business.

Salary is entirely negotiable and will not be a limiting factor for the successful candidate. Prospects for the right person will also include an expectation of partnership.

Please write with previous experience to:—

The Staff Partner

WILLIAMS de BROE HILL CHAPLIN & COMPANY

P.O. Box 515, Pinners Hall, Austin Friars, London EC2P 2HS

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM and SHEFFIELD

Director of Finance

South Herts. c.£20,000 + car

Our client is the UK subsidiary, (turnover £100 million) of a major US pharmaceutical multinational. Internal promotion has created their need for a new Director of Finance. Reporting to the Managing Director, the position will carry responsibility for the entire UK finance function and 100 accounting and EDP staff. Candidates must be in their 30's, qualified and experienced in US accounting techniques in a manufacturing environment. This vital role demands credibility and highly developed man-management and problem solving skills. The career prospects and fringe benefits are excellent.

Mrs. I.M. Brown, Ref: 19222/FT. Male or female candidates should telephone in confidence for a Personal History Form 01-734 6852, Sutherland House, 5/6 Argyll Street, LONDON, W1E 6EZ.

CJA RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH

Tel: 01-588 3588 or 01-588 3576

Telex No. 887374

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BERKSHIRE **ATTRACTIVE SALARY**

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We invite applications from candidates, aged 28-37, who have acquired a minimum of 4 years' practical experience processing credit life claims, personal accident claims and not less than 18 months' experience as the number one or number two heading a department or section in this specialist area. Responsibilities will cover the processing of personal accident and death claims (with particular emphasis on the former), premium collection, issue of policies and liaising with actuaries. An exact and tidy mind plus good commercial sense are vital qualities. Attractive initial salary is negotiable, plus car, contributory pension, free life assurance, free family BUPA, assistance with removal expenses, if necessary. Applications in strict confidence, under reference CM 4014/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED, 35, NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374.

Shipping Executive

International shipping company, based in Geneva, which operates and manages different types of vessels including tankers, bulk carriers, tugs, barges and offshore facilities is seeking a highly experienced

Ship Operator/Manager

with knowledge of ship brokerage, marine insurance and ability to negotiate charter parties as well as ship building contracts and ship acquisition contracts.

Most attractive conditions and salary are offered to successful candidate depending on qualifications, integrity, experience and dedication to business. Candidate should be prepared to travel. Age between 30-55 years.

Please reply to:—

Secretary to the President

INTERNATIONAL MARITIME SERVICES CO, LTD.

5, Quai du Mont-Blanc, CH-1211 Geneva 1

David Grove Associates

Bank Executive Recruitment

60 Cheapside London EC2V 6AX

Telephone 01-236 0640

BANKING/CLERICAL

AUDITOR £18,000

A challenging opportunity, in an expanding environment, for an ACA with previous bank audit experience. Vacancy responsibility consists of setting-up and managing a European/Middle East audit section. Our client's specification calls for candidates to have specialist data-processing background. Fluency in French (German an added advantage). Preferred age 30-40.

ACA (TAXATION OFFICER) c. £13,000

Excellent opportunity for an ambitious ACA with specialist corporate taxation experience gained with a Financial Institution. The successful candidate will be responsible for tax planning and compliance with EEC requirements. Knowledge of a European language an added advantage. Age preferred 27-35.

IN RESPECT OF THE ABOVE APPOINTMENTS PLEASE CONTACT
NORMA GIVEN ON 01-248 1858/9

All Banking vacancies carry an attractive range of fringe/mortgage benefits

Geneva based International company

with world-wide interests, is seeking an experienced executive as

Project Manager

The successful candidate will be responsible for undertaking a variety of turn-key industrial projects. He must be fully conversant in all techniques for obtaining project finance, including export credit finance. Must be prepared to travel. Age between 30-50 years.

Please reply to:—

Secretary to the President

INTERNATIONAL MARITIME SERVICES CO., LTD.

5, Quai du Mont-Blanc, CH-1211 Geneva 1

BUSINESS AND INVESTMENT OPPORTUNITIES

NON-U.K. TAX LOSS OPPORTUNITIES

Major U.S. corporation has losses arising from commercial operations in subsidiaries or branches in jurisdictions listed below and is seeking parties able to utilise such losses:

Australia	Portugal
Austria	Sweden
Brazil	Venezuela
Japan	

Responses will be maintained in confidence.

Write Box F.1702, Financial Times, 10, Cannon Street, EC4P 4BY.

We hope all our corporate and personal clients had A VERY MERRY AND HAPPY CHRISTMAS and guarantee that we will spare no effort to ensure that you have an even more TAX-EFFICIENT NEW YEAR

Ackrill, Carr & Partners Limited

Tricorn House, Five Ways, Birmingham B16 8TP

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Write Box G3050, Financial Times, 10 Cannon Street, EC4P 4BY.

MANUFACTURING OPPORTUNITIES

Looking for a first rate product with a ready made market? Then you need "Expired British Patents," a monthly bulletin of patents which have just expired. An opportunity to take up inventions which are no longer protected by a British Patent but which having run their full patent life, must be the creme de la creme of inventions. Sample copies from:

Dept. F1
SCIENTIFIC AND MEDICAL INFORMATION SERVICES
229 High Holborn, London WC1V 7DA

NEW MARKET PRODUCTS? For details of companies wishing to trade with U.K. write Dept. F, 15 Selvage Lane, London, NW7.

CASH FOR obsolete industries/lines. Must have working equipment with spares availability. OMC, 107 Borough High Street, London Bridge. 01-403 3007.

PUBLIC NOTICES

METROPOLITAN BOROUGH OF SEFTON VARIABLE RATE REDEEMABLE STOCK, 1983

The Council of the Metropolitan Borough of Sefton announces that the half yearly payment of interest due on 29th June, 1981 on the above stock will be at the rate of £7.5938 (less income tax) per £100 stock.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

COMPANY NOTICES

ARAB-MALAYSIAN DEVELOPMENT BANK BERHAD

United States Dollars
Twenty Million (US$20,000,000)
Floating Rate Notes Due 1983

APPOINTMENT OF SUCCESSOR FISCAL AGENT

NOTICE IS HEREBY GIVEN to all holders of the Notes that with effect from the date of publication hereof:

(a) Abu Dhabi Investment Company of P.O. Box 6309, Abu Dhabi, United Arab Emirates, shall cease to be the Fiscal Agent (and principal Paying Agent) in respect of the above Notes, and

(b) Kredietbank S.A. Luxembourgeoise at its principal office in Luxembourg, *having accepted appointment as successor* Fiscal Agent is hereby appointed Fiscal Agent (and principal Paying Agent) in respect of the Notes in succession to the said Abu Dhabi Investment Company.

Abu Dhabi Investment Company at its principal office in Abu Dhabi, however, remains a Paying Agent in respect of the Notes.

This notice is published in pursuance of Condition 12 of the Terms and conditions endorsed on the Notes.

The address of Kredietbank S.A. Luxembourgeoise is 43, Boulevard Royal, P.O. Box 1108, Luxembourg.

Dated this 18th day of December 1980.

ARAB MALAYSIAN DEVELOPMENT BANK BERHAD
P.O. Box 233,
Jalan Melaka,
Kuala Lumpur 01-02,
Malaysia.

PORTUGUESE GOVERNMENT

3% EXTERNAL DEBT 1902

In accordance with the Law of the 14th May 1902 and the Decree of the 9th August of the same year the Sinking Fund instalments due 1st January 1981 have been effected by the Junta do Credito Publico in Lisbon as follows.

1ST SERIES BONDS

Purchases in the market consisted of 2 bonds of £20.00 each, totalling £40.00. The Balance of the instalment was made up by the drawing in Lisbon on 21st November 1980 of 850 bonds of £20.00 each and 290 bonds of £100.00 each, having a total value of £46,000.00.

2ND SERIES BONDS

Purchases in the market consisted of 2 bonds of £99.10s.0d each, totalling £199 0s.0d (Decimal equivalent £199.00). The balance of the instalment was made up by the drawing in Lisbon on 21st November 1980 of 225 bonds of £19.12s.0d. each and 5 bonds of £99 10s.0d each, having a total nominal value of £4,975.0s.0p (Decimal equivalent £4 975.00).

In accordance with the terms of the General Bond bonds of this issue are repayable at a premium of 25% on their face value.

3RD SERIES BONDS

The entire instalment has been met by the drawing in Lisbon on 14th November 1980 of 3,065 interest bearing bonds of £19 18s.0d each and 140 interest bearing bonds of £99.10s.0d each, having a total value of £74,923.10s.0d (Decimal equivalent £74,923.50), together with an equal number of non-interest bearing bonds of £0.12s.8d and £33.3s.4d respectively, of identical numbers, totalling £24,974.10s.0d (Decimal equivalent £24,974.50).

The afore-mentioned drawn bonds are repayable from 1st January 1981 to 31st December 1985 and those stamped by the Portuguese Financial Delegate for payment in sterling may be presented for repayment at the Securities Department Counter of BARING BROTHERS & CO. Limited 88 Leadenhall Street, London EC3A 3DT, where lists of the numbers of the bonds and lodgement listing forms for the drawn bonds may be obtained.

SELECTED RISK INVESTMENTS S.A.

The revised Explanatory Memorandum of the Company incorporating detailed provisions governing the sale and resale of its shares at prices based on net asset value may be obtained on application to any of the following:

In Luxembourg:
Banque Internationale à Luxembourg S.A., 2 boulevard Royal, Luxembourg.
Credit Lyonnais S.A.,
26a boulevard Royal, Luxembourg.
In Austria:
Creditanstalt-Bankverein,
8 Schottengasse, 1010 Wien 1
In Germany:
Commerzbank A.G.,
Frankfurt/Main, Dusseldorf, Hamburg.
Berliner Commerzbank A.G.
125 Potsdamer Strasse 1 Berlin 30.
Bayerische Vereinsbank A.G.
Kardinal Faulhaber Strasse 14,
8 Munchen 1.
Effectenbank-Warburg A.G.,
30 Kaiserstrasse, 6 Frankfurt/Main.
In Great Britain:
S. G. Warburg & Co. Ltd.,
30 Gresham Street, London EC2P 2EB.

It is now intended that the listing of the Company's shares on the stock exchanges in Frankfurt, Munich and Vienna will be maintained.

Following the resignation of Credit Suisse on 30th December, 1980, the Investment Advisers to the Company are now S. G. Warburg & Co. Ltd. and Commerzbank A.G.

SELECTED RISK INVESTMENTS S.A.
Luxembourg.
30th December 1980.

NOTICE TO BONDHOLDERS OF THE 5¼% 1966/1986 UA 20,000,000 LOAN ISSUED BY THE EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that Bonds for a nominal amount of UA 1,300,000 have been drawn for redemption in the presence of a Notary Public on December 10, 1980 at the head office of Kredietbank S. A. Luxembourgeoise, Luxembourg.

The drawn Bonds are those, not yet previously redeemed, included in the range beginning at:

a) Bonds of nominal UA 250:
16446 up to 10759 incl. and 29604 up to 32000 incl.

b) Bonds of nominal UA 1000:
093 up to 4507 incl.

As from February 1, 1981 interest will cease to accrue. The drawn Bonds should be presented for redemption coupon due February 1, 1982 and following attached. They will be reimbursed according to the terms and conditions stated on the Bonds.

Amount outstanding after the redemption of February 1, 1981: UA 7,000,000.

OUTSTANDING DRAWN BONDS:

Bonds of UA 250
17841 and 17842, 25031 to 25940 incl., 26125 to 26130 incl., 27701 to 27708 incl., 27755 and 27758, 29030 to 29033 incl., 29047 to 29052 incl., 29062 to 29067 incl., 29069 to 29072 incl., 29100 and 29101, 29114 to 29116 incl., 29145 to 29150 incl., 29304, 29324 to 29331 incl., 29333 to 29347 incl., 29360 and 29361, 29507 to 29510 incl., 29521 and 29522, 30459 to 30404 incl., 30709 to 30712 incl., 30718 and 30719, 30787 to 30794 incl., 30957 and 30958, 31372 to 31374 incl., 31434 and 31435, 31445 to 31454 incl., 31403 31462 to 31405 incl., 31531 to 31539 incl.

Bonds of UA 1000
2089 to 2092 incl., 2875, 2901 to 2904 incl., 2915, 2930 to 2934 incl., 2953, 2975, 2979, 2991 to 2994 incl., 3004 to 3007 incl., 3118 to 3121 incl., 3162 to 3164 incl., 3220 and 3227, 3229 to 3231 incl., 3233, 3235 to 3238 incl., 3294, 3320, 3350, 3358, 3361 and 3362, 3369 to 3371 incl., 3380 and 3381, 3389 to 3391 incl., 3417, 3430, 3448 and 3449, 3453, 3510 and 3511, 3530 and 3531, 3596, 3031, 3073 to 3677 incl., 3000 to 3685 incl., 3731 to 3733 incl., 3752, 3764, 3802, 3837 to 3850 incl., 3852, 3855, 3803, 3895, 3952 to 3963 incl., 4163, 4186 and 4187, 4192 and 4193, 4201 and 4202, 4213, 4232 to 4236 incl., 11832, 11834, 11885, 11887, 11912, 11963, 12034, 12057 and 12058, 12185, 12771.

Luxembourg,
December 29, 1980.

REPUBLIC OF SOUTH AFRICA

LOAN OF US$25,000,000
0% 1972/1987

The US$2,000,000 redemption instalment due February 1, 1981 has been met by purchases in the Stock Exchange.

Outstanding amount after February 1, 1981:
US$16,000,000.

The Paying Agent
BANQUE DE PARIS ET DES PAYS-BAS
pour Le Grand-Duche de Luxembourg.

COMPANY NOTICES

INTERNATIONAL DEPOSITARY RECEIPTS (IDR) ISSUED BY MORGAN GUARANTY TRUST CY OF NEW YORK REPRESENTING ORDINARY CONVERTIBLE CLASS C SHARES OF BRASCAN LIMITED

A distribution of Can$0.30 per depositary share less any applicable taxes and fees will be payable on and after January 20, 1981 upon presentation of coupon No. 10 at any of the following offices of Morgan Guaranty Trust Cy of New York:
—New York (USA), 30, West Broadway
—Brussels, 35, avenue des Arts
—Antwerp, 82, Frankrijklei
—London, 1, Angel Court
—Paris, 14, Place Vendome
—Frankfurt, Bockenheimer Landstrasse 8
—Zurich, Stockerstrasse 38
and Banque Générale du Luxembourg, 14, rue Aldringen, Luxembourg.

BRAZILIAN INVESTMENTS S.A. SOCIEDADE DE INVESTIMENTO —DECRETO LEI NO. 1401

INTERNATIONAL DEPOSITARY RECEIPTS ISSUED BY MORGAN GUARANTY TRUST CY OF NEW YORK

Final dividend of US$166.482 net per IDR (first series) and of US$122.907 net per IDR (second series), in respect of the period ended September 30th 1980, is payable on or after December 19, 1980 upon presentation of coupon No 10 for the first series and coupon No. 5 for the second series at the office of Morgan Guaranty Trust Company of New York in:
Brussels—35, avenue des Arts
London—1, Angel Court
New York—15, Broad Street
representing gross dividend of 152 per cent per cruzeiro share, less withholding tax of 15 per cent and expenses of US$0.505 per IDR.

GRINDLAYS EUROFINANCE B.V.

US$25,000,000

Guaranteed Floating Rate Capital Notes 1988

NOTICE IS HEREBY GIVEN that the Rate of Interest for the initial one-month Interest Period has been fixed at 21½% p.a., and that the interest payable on the relevant Interest Payment Date, January 26, 1981, against Coupon No. 1 in respect of US$10,000 nominal of the Notes will be US$194.79.

By: Citibank, N.A. London, Agent Bank
December 29, 1980

Building Society Rates

Every Saturday the Financial Times publishes a table giving details of

Building Society Rates

on offer to the public

For further details please ring:
01-248 8000, Ext. 3606

BIDS AND DEALS

Barclays reshapes French interests

Barclays Bank is restructuring some of the shareholdings of its French subsidiary, Barclays Bank S.A. It is planning to sell 46 per cent out of its 51 per cent stake in Societe Bancaire de Paris to the Espirito Santo group of Portugal.

As part of the transaction, Barclays is taking over Societe Bancaire's 18 per cent stake in Societe de Banque et d'Investissements (SOBI) a medium and long-term bank based in Monte Carlo, Monaco, thereby increasing its stake in SOBI to 44 per cent. The other shareholders are the Paluel-Marmont family, with 30 per cent, and Landesbank - Rheinland Pfa[lz] with 26 per cent.

Barclays acquired its origin[al] stakes in Societe Bancaire a[nd] SOBI in 1973.

Barclays said yesterday th[at] the original investment [in] Societe Bancaire had been ma[de] with the intention of acquiri[ng] its SOBI stake, which offer[s] attractive growth opportuniti[es]. But Barclays declined comme[nt] on whether it intended [to] acquire control of SOBI in t[he] future.

The Paluel-Marmont gro[up] holds 49 per cent of Socie[te] Bancaire de Paris.

Bahco buys 9.5% stake in Record Ridgway

Bahco AB, the Swedish hand tool group, has followed up its £4.13m cash bid for Record Ridgway by purchasing nearly 10 per cent of the UK company's shares in the market.

By the time of the offer document, out yesterday, Bahco had bought 911,000 shares at 37p each, the value of its bid, at a cost of around £337,000.

This represented just over 8 per cent of Sheffield-based Ridgway's equity, but Bahco bought 150,000 more shares yesterday through stockbrokers Panmure Gordon to take its stake up to 9.5 per cent.

Ridgway, which is in the sam[e] industry as Bahco (53 per ce[nt] owned by Investment A[B] Promotion), made a £262,000 pr[e-] tax loss in the year to Septemb[er] 28, 1980. It's board says the b[id] is too low for it to recommen[d] acceptance, but feels shar[e]holders should have a chan[ce] to consider it.

Mr. H. Peter Hart, chairma[n] of Bahco's UK operation throu[gh] which the bid is being made, sa[id] in the document that the pu[r]chase of Ridgway would crea[te] a financially sound internation[al] group in the face of growi[ng] competition from the Far Eas[t].

The offer closes on January [...]

Christy Bros. sells 8% stake in Roche Plant

CHRISTY BROS, the Chelmsford mechanical engineering group which is holding its annual meeting today, has sold its 8 per cent stake in Roche Plant Group.

The shares in the plant hire and truck services group were a residue of the early 1970s when Christy tried abortively to merge with Winn Industries and Roche securities as it then was. They cost £132,000.

In the latest balance sheet the shares were written down to £87,500 or 23p a share.

In May last year Christy Bros was taken over by Mr. Jim Dyer and Simon and Coates, the stockbrokers, acting for investment clients. At the time the new board said that it intended to sell the Roche stake at some time in the future and discussions have taken place since then at prices between 22p and 24p. This level reflects the range at whic[h] the shares have changed hand[s] under rule 163(2) since the lis[t]ing was cancelled last Februar[y].

Roche shareholders includ[e] County Bank which owns 19[.x] per cent, Electra Investmen[t] Trust with 9.8 per cent and J. W[.] and T. Connelly with 3.8 pe[r] cent.

PENNINE COMM'L

Shareholders of Pennine Com[]mercial Holdings unanimousl[y] passed the following resolution[s] at yesterday's EGM: that th[e] company acquire 12 petrol filli[ng] stations from Morsina on th[e] terms of a conditional contrac[t] dated December 10; that th[e] company acquire land and build[]ings at 91-97, Coleman Roa[d,] Leicester, from Rapidstreet, o[n] the terms of a conditional con[]tract dated December 5.

SHARE STAKES

Energy, Finance and General Trust Holdings, E. D. Barkway, director, has disposed of 25,000 shares. J. V. Woollam, director, has disposed of 27,571 shares, non beneficial. The shares have been transferred to a company in which both the above have a substantial equity investment.

Cutler Guard Bridge Holdings —Midland Bank (Overseas), nominees, now hold less than 5 per cent of the company's share capital.

CMT—Carparo Group acquired through the market yesterday 200,000 ordinary shares at 50.5p. Holding of Caparo in CMT now totals 4,395,000 shares (18.7 per cent).

Cornell Dresses—Mr. H. J. Rose, director, has accepted the offer by Polly Peck (Holdings) in respect of his holding of 52,000 Cornell ordinary shares.

Chapman and Co. (Balham)—Morgan Grenfell Special Exempt Fund is interested in 160,000 shares (6.66 per cent).

London Shop Property Trust—Dillroad, wholly-owned subsidiary of McLeod Russel and Co., on December 16 increased its holding to 2,216,962 shares.

Assam Trading (Holdings) — Broadland Properties has dis[]posed of 252,950 'B' share[s] reducing its holding to 4,54[x] (49.91 per cent of that class). The trustees of the J. [M.] Guthrie's 1965 settlement have purchased a further 45,000 "B" ordinary shares. This, together with the holding in "A" shares indicates a combined interest [in] both "A" and "B" shares [of] 5.37 per cent of the total equity.

Whitbread — Mr R. H. [L.] Brettle has been replaced [as] joint trustee of a trust which holds 108,925 "B" ordinary shares. This disposal reduces Mr Brettle's interest to below 5 per cent of this class.

Laing Properties — Sir John Morris Laing disposed of 36,5[xx] shares.

John Laing — Sir Morris Laing acquired 160,000 ordinary shares.

Starwest/Hawthorn Leslie — Starwest Investment Holdings has purchased a further 45,000 Hawthorn Leslie shares at 13[x]p per share, bringing its holding to 1,111,850 shares (41.37 per cent).

Bonus rates are hoisted at Scottish Amicable

SUBSTANTIAL INCREASES on all its bonus rates—both reversionary and terminal—have been declared by the Scottish Amicable Life Assurance Society. The company is making an early announcement of its reversionary bonus rates for the three years ending December 31, 1980.

On the principle bonus series, the reversionary rates are being lifted by 15p from the current interim rate to £4.65 per cent of the basic sum assured and £5.65 per cent of attaching bonuses. At the previous declaration three years ago, the rates were £4.25 per cent and £5.25 per cent respectively. The rates on the second series flexidowments are also lifted by 15p to £4.40 per cent of the sum assured and £6.65 per cent of the attaching bonuses.

Reversionary bonus rates on flexipension contracts are improved by 30p from the current interim rate to £4.80 per cent of the basic benefit and £7.30 per cent of attaching bonuses. At the previous declaration, the rates were £4.10 per cent and £6.70 per cent respectively. Similar rates apply to the company's superannuation second series contracts. On group pension policies, the bonus rate is increased by 85p from the previous declaration to £5.60 per cent based on the benefit secured.

The company has also improved its terminal bonus rates payable on contracts that mature from January 1, 1981. On individual policies, the rate is £1.5 per cent of the basic benefit and attaching bonuses for each year except the first two, the previous rate being £1.4 per cent. On flexipension and superannuation contracts, the rate is improved from 25 per cent to 27 per cent of attaching bonuses. Terminal bonuses for death claims are paid on a scaled-down basis.

The combined effect of these increases on maturity values means a substantially higher pay-out by the company to policyholders. For example, a 25-year with profits endowment for an annual premium of £400, taken out by a man aged 29, will pay £30,953 if it matures on January 1, 1981, against £29,634 if it matures on December 31, 1980—an increase of 4.45 per cent in maturity value.

The company will, in future, declare bonuses annually instead of every three years and the interim bonus rates for 1981 will be on this new basis. The rates for the principal bonus series are to be £4.40 per cent of the sum assured and £5.40 per cent of attaching bonuses. On flexidowment contracts the rates are £4.10 and £6.35 per cent respectively, while for flexipension and superannuation policies the rates are £4.40 and £6.90 per cent.

These rates appear to be reduced from the full declared rates. But this merely reflects the difference between compounding annually and compounding triennially. The interim rates are, in fact, slightly higher than the full declared rates for the three years to 1980.

● The National Mutual Life Assurance Society has also announced higher rates of final bonus paid on death or maturity claims arising from January 1, 1981. The rate is lifted from 35 per cent to a record 40 per cent of attaching bonuses. For individual deferred annuities the final bonus is 8 per cent of attaching bonuses for each year in force with a maximum of 40 per cent. These improvements reflect the strength of the stock market over 1980. The reversionary bonus rates for the two years to December 31, 1980, will be announced during March.

CURRENCIES, MONEY and GOLD

Dollar improves

Dollar was slightly firmer in currency markets yesterday, with trading extremely subdued on the first day after the Christmas break. Movements were mainly a reflection of the small commercial orders which made up the day's trading. The decision by Morgan Guaranty and Citibank to lower broker loan rates to 20 per cent and 19½ per cent respectively from 21 per cent and 20½ per cent, ahead of U.S. money supply figures was noted by dealers, with the move seen as anticipating little change in the money supply.

European currencies showed little overall change, with the French franc remaining the most improved currency within the European Monetary System. Sterling was unchanged on balance after a firmer trend in the morning, and there were no new factors in the market to affect trading.

DOLLAR — trade weighted index (Bank of England calculation) rose to 86.6 from 86.4 previously. The U.S. unit improved against all currencies apart from the Japanese yen, where demand saw the dollar fall to Y206.60 from Y207.5. Elsewhere the dollar finished towards its best level at DM 1.9575 against the D-mark from DM 1.9425, and SwFr 1.7700 from SwFr 1.7600.

STERLING — trade weighted index (Bank of England) was unchanged at 77.9 after 77.7 at noon and 78.4 in the morning. Against the dollar sterling reached its best level during the morning at $2.3825 but came back on commercial selling to touch a low during the afternoon of $2.3500. It closed at $2.3650-2.3670, a fall of 1.15c from last Wednesday.

D-MARK — Remaining weak near the bottom of the European Monetary System, and requiring support against the French franc and Dutch guilder. Germany's poor balance of payments position coupled with fears of an invasion of Poland, and the sharp rise in U.S. interest rates, has created severe problems for the D-mark and led to a steady rise in German interest rates—The D-mark was slightly weaker in Frankfurt yesterday in very quiet trading. Movements were not generally indicative of any trend, but were more a reflection of the very small amount of business seen. Nevertheless Eurodollar rates were higher which must have helped the dollar. Sterling was also firmer at the fixing at DM 4.6180 compared with DM 4.6000, while the dollar rose to DM 1.9580 from DM 1.9407. Within the EMS, the French franc slipped to DM 43.15 per FFr 100 against DM 43.17, and the Belgian franc was lower at DM 6.188 per BFr 100 compared with DM 6.216. On the other hand the Danish krone rose to DM 32.56 per DKr 100 from DM 32.46. Elsewhere the Swiss franc rose to DM 1.1073 from DM 1.1047.

ITALIAN LIRA — Weakest member of the EMS, reflecting high inflation and balance of payments deficit — The lira showed mixed changes at yesterday's fixing in Milan, losing ground against the dollar and sterling, but improving in terms of the D-mark and Dutch guilder. The dollar rose to L928.05 from L923.05 and sterling was higher at L2,196.5 compared with L2,193.5. On the other hand the D-mark eased to L474.6 from L474.7, and the Dutch guilder fell to L435.4 from L435.83.

JAPANESE YEN—Very firm recently, despite the rise in U.S. interest rates, reflecting Japan's strengthening economic performance — The yen was slightly firmer against the dollar in Tokyo yesterday, with the U.S. unit closing at Y207.85 compared with Y208.30 in New York on Friday. It opened at Y208.40 and eased later in the day to a low of Y207.50 before coming back slightly at the close.

THE POUND SPOT AND FORWARD

Dec. 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3500-2.3825	2.3650-2.3670	0.90-1.20c dis	−5.32	2.00-2.30dis	−3.63
Canada	2.7975-2.8325	2.8075-2.8095	0.65-0.85c dis	−3.20	1.65-1.85dis	−2.56
Nethlnd.	5.00-5.86	5.04½-5.05½	3½-2½c pm	7.13	6¾-5¾ pm	4.95
Belgium	74.20-75.00	74.70-74.80	25-15c pm	3.21	40-30 pm	1.87
Denmark	14.13-14.29	14.20-14.22	—	—	—	—
Ireland	1.2230-1.2430	1.2400-1.2420	0.13ppm-0.19dis	−0.24	0.44-0.09 pm	0.85
W. Ger.	4.59-4.64	4.62½-4.63½	3-2pf pm	6.48	6¾-5¾ pm	5.29
Portugal	124.35-126.35	125.45-125.75	5-25c dis	−6.78	15-160 dis	−2.79
Spain	186.40-187.80	187.55-187.65	15c pm-50c dis	−1.12	95pm-175dis	−0.86
Italy	2175-2200	2197-2199	par-3lira dis	−0.82	18¾-21¾dis	−3.69
Norway	12.19-12.30	12.24½-12.26½	8-5ore pm	6.36	10¼-7¾ pm	2.90
France	10.67-10.76	10.72-10.73	4½-3½c pm	4.48	8½-7½ pm	2.61
Sweden	10.27-10.41	10.33-10.35	5¾-7¼ore dis	−7.47	11¾-13¾dis	−4.86
Japan	485-495	488-490	2.70-2.05y pm	5.83	6.35-5.50 pm	4.85
Austria	32.60-32.90	32.73-32.78	14-7gro pm	3.85	30-10 pm	2.44
Switz.	4.15-4.22	4.18-4.12	3-2c pm	7.17	8¼-7¼ pm	7.41

Belgian rate is for convertible francs. Financial franc 74.95-75.05. Six-month forward dollar 2.30-2.70c dis, 12-month 2.40-3.10c dis.

THE DOLLAR SPOT AND FORWARD

Dec. 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3500-2.3825	2.3650-2.3670	0.90-1.20c dis	−5.32	2.00-2.30dis	−3.63
Ireland†	1.8950-1.9080	1.8950-1.9050	0.70-1.00c dis	−5.37	1.90-2.20dis	−4.31
Canada	1.1880-1.1910	1.1880-1.1883	0.20-0.15c pm	1.76	0.31-0.26 pm	0.96
Nethlnd.	2.1300-2.1370	2.1320-2.1370	2.15-2.00c pm	11.66	4.65-4.45 pm	5.63
Belgium	31.55-31.65	31.61-31.63	25-22c pm	8.92	46-42 pm	5.57
Denmark	6.0000-6.0150	6.0050-6.0150	3¾-3¼ore pm	6.99	5-4½ pm	3.16
W. Ger.	1.9450-1.9600	1.9570-1.9580	1.70-1.60pf pm	10.11	3.95-3.85 pm	7.87
Portugal	53.05-53.25	53.10-53.25	20c pm-10 dis	1.13	40 pm-10 dis	1.13
Spain	79.25-79.45	79.25-79.45	40-10c pm	3.78	20 pm-15 dis	0.12
Italy	923.75-931.00	927.00-929.00	3¾-1¾lire pm	3.56	par-2 dis	−0.43
Norway	5.1710-5.1825	5.1710-5.1760	6-5½ore pm	13.34	9.40-8.90 pm	7.07
France	4.5150-4.5480	4.5370-4.5410	3.80-3.50c pm	8.65	6.80-6.40 pm	5.82
Sweden	4.3690-4.3780	4.3680-4.3740	0.15ore pm-par	0.20	0.25-0.40dis	−0.30
Japan	206.25-207.75	206.55-206.65	2.10-1.90y pm	11.62	4.35-4.15 pm	8.23
Austria	13.85-13.89	13.85-13.88	11.20-10.60gro pm	5.43	24.90-22.50pm	6.78
Switz	1.7650-1.7750	1.7695-1.7705	2.15-1.95c pm	13.90	5.15-4.95 pm	11.41

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Dec. 29	Bank of England Index	Morgan Guaranty Changes%
Sterling	77.8	−26.7
U.S. dollar	86.6	−7.3
Canadian dollar	79.7	−18.5
Austrian schilling	148.5	+22.5
Belgian franc	111.5	+10.8
Danish kroner	102.7	−6.8
Deutsche mark	147.6	+40.6
Swiss franc	188.8	+78.1
Guilder	125.0	+17.8
French franc	97.0	−7.8
Lira	50.6	−52.5
Yen	141.9	+39.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index = 100).

CURRENCY RATES

Dec. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.539062	Unavail
U.S. $	15	1.27623	"
Canadian $	17.36	1.52152	"
Austria Sch.	6¾	17.5890	"
Belgium F.	12	59.8562	"
Danish K	11	7.61909	"
D'mark	7½	2.47678	"
Guilder	8	2.68225	"
French Fr.	9½	5.73070	"
Lira	16½	1177.64	"
Yen	7¼	265.456	"
Norwgn. Kr.	9	6.59173	"
Spanish Pts.	8	100.767	"
Swedish Kr	10	Unavail.	"
Swiss Fr.	5	9.25574	"

OTHER CURRENCIES

Dec. 29	£	$		£ Note Rates
Argentina Peso	4702-4722	1987-1994	Austria	32.60-35.00
Australia Dollar	2.0106-2.0145	0.8606-0.8510	Belgium	74.50-75.50
Brazil Cruzeiro	154.20-155.20	65.17-66.50	Denmark	14.15-14.38
Finland Markka	9.06-9.08	3.8400-3.8430	France	10.62-10.72
Greek Drachma	108.514-111.674	46.00-46.50	Germany	4.59-4.64
Hong Kong Dollar	12.06-12.11	5.1000-5.1150	Italy	2175-2230
Iran Rial	171.05*	72.30*	Japan	488-494
Kuwait Dinar(KD)	0.643-0.649	0.2718-0.2719	Netherlands	5.02-5.07
Luxembourg Frc.	74.70-74.80	31.61-31.63	Norway	12.20-12.55
Malaysia Dollar	5.2200-5.2400	2.2105-2.2135	Portugal	124-136
New Zealand Dlr.	2.4665-2.4715	1.0425-1.0435	Spain	183-195
Saudi Arab. Riyal	7.87-7.83	3.3290-3.3540	Sweden	10.30-10.45
Singapore Dollar	4.9250-4.9450	2.0850-2.0880	Switzerland	4.18-4.22½
Sth. African Rand	1.7700-1.7710	0.7480-0.7485	United States	2.35½-2.38
U.A.E. Dirham	8.69-8.75	3.6700-3.6750	Yugoslavia	77-82

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.3384	+3.89	+1.33	±1.53
Danish Krone	7.72336	7.84938	+1.63	−0.93	±1.64
German D-Mark	2.48208	2.56781	+3.05	+0.49	±1.125
French Franc	5.84700	5.93965	+1.58	−0.98	±1.3557
Dutch Guilder	2.74362	2.79009	+1.69	−0.87	±1.512
Irish Punt	0.668201	0.687969	+2.96	+0.40	±1.668
Italian Lira	1157.79	1214.99	+4.94	+2.63	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Dec. 29	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.366	4.630	489.0	10.73	4.185	6.050	2188	2.809	74.75
U.S. Dollar	0.423	1.	1.957	206.7	4.533	1.769	2.134	898.0	1.187	31.59
Deutschemark	0.216	0.511	1.	105.6	2.316	0.904	1.081	474.7	0.607	16.14
Japanese Yen 1,000	2.045	4.838	9.468	1000.	21.93	8.559	10.33	4495.	6.743	152.9
French Franc 10	0.932	2.208	4.317	455.9	10.	3.902	4.708	2049.	2.619	69.70
Swiss Franc	0.239	0.565	1.106	116.8	2.565	1.	1.207	525.2	0.671	17.86
Dutch Guilder	0.198	0.469	0.917	96.83	2.124	0.829	1.	435.3	0.556	14.80
Italian Lira 1,000	0.455	1.076	2.106	222.5	4.879	1.904	2.298	1000.	1.279	34.01
Canadian Dollar	0.356	0.842	1.649	174.1	3.819	1.490	1.798	782.6	1.	26.62
Belgian Franc 100	1.338	3.165	6.194	654.2	14.35	5.599	6.756	2940.	3.757	100.

FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 29)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 5/16	offer 18 7/16	bid 17 5/16	offer 17 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Asian $ (closing rates in Singapore) one-month 20¾-20¼ per cent; three-months 18¼-18½ per cent; six-months 17⅝-17¾ per cent; one year 15¾-15⅞ per cent. Long-term European two years 14-14½ per cent; three years 14-14½ per cent; four years 13⅞-14¼ per cent; five years 13⅞-14¼ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.90-16.80 per cent; three-months 17.40-17.60 per cent; six-months 15.90-16.10 per cent; one year 14.70-14.90 per cent.

INTERNATIONAL MONEY MARKET

Europe rates mixed

European interest rates showed little change in quiet end of year trading. Paris call money rose to 11 per cent from 10¾ per cent, while period rates were about ⅛ per cent higher.

In Frankfurt call money fell to 8.58-9.10 per cent from 9.00-9.50 per cent, and term rates were generally easier. One-month money was quoted at 10.50-10.70 per cent, compared with 10.50-10.75 per cent, while three-month fell to 10.30-10.50 per cent from 10.40-10.65 per cent, and six-month to 9.90-10.10 per cent from 9.95-10.20 per cent. 12-month funds were unchanged at 9.90-10.25 per cent.

In Amsterdam call money eased to 8.625-8.75 per cent from 8.875-9.00 per cent, with period rates recording mixed changes. One-month money was steady at 9.00-9.125 per cent, but three-month rose to 9.375-9.5 per cent from 9.25-9.375 per cent. Six-month fell to 9.5-9.75 per cent from 9.625-9.75 per cent, while 12-month firmed to 9.875-10.125 per cent from 9.75-10 per cent.

In Brussels it was announced that the Belgian Government intends to raise over BFr 50bn (£675m) by issuing an eight year domestic bond next month at an interest rate of 13 per cent for the first four years and a record 13¾ per cent for the remainder.

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Interest rates showed a firmer trend in the London money market yesterday in anticipation of an overall shortage of funds during the week. Three-month interbank money rose to 14¾-15 per cent from 14⅝-14¾ per cent, but on the other hand the discount houses buying rate for three-month Treasury bills eased to 13 11/32-13 13/32 per cent from 13⅜ per cent.

There was a moderate shortage of day-to-day credit in the market and the authorities gave assistance by buying a small amount of Treasury bills from the discount houses, and a small number of local authority bills, plus a small amount of eligible bank bills.

Discount houses paid 13½-14 per cent for secured call loans at the start, with closing balances taken at 13-13½ per cent. In the interbank market overnight loans opened at 14⅛-14¼ per cent, and fell to 7 per cent, before closing at 10 per cent.

The market was faced with the repayment of the small amount borrowed from the Bank of England last Wednesday, and a small amount of commercial bills maturing in official hands.

LONDON MONEY RATES

Dec. 29 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	7-14⅛	14¼-14½	—	—	14-14⅛	13-14	—	—	—
2 days notice	—	—	14¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅝-14⅞	14¾	—	14⅞	14¾-15¼	13¾-14	—	—	—
One month	15-14⅞	16 1/16-15 1/16	14¾	15¾-16	15⅛	15⅛-15¼	13¾	13½	14 1/16	14⅞
Two months	15-14⅞	14¾-15	—	14⅞-15¼	15⅛	15¼	13½	13	14 1/16-14 1/16	14¾
Three months	15-14⅞	14¾-15	14¾	14⅝-15	15⅛	15⅛	13⅛	13 11/32-13 13/32	14 1/16-14¼	14⅝
Six months	14⅝-14¼	14 1/16-14½	14⅝	14⅛-14½	14½	15	—	—	13 15/16-13 7/16	13¾
Nine months	14 1/16-13⅞	14 1/16-14¼	—	14⅛-14½	14 1/16	14⅞	—	—	—	—
One Year	13⅞-13¾	13 15/16-14⅛	13⅞	13¾-14⅛	14⅜	14¾	—	—	—	—
Two years	—	—	13⅞-14	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾-14 per cent; four years 13¾-13⅞ per cent; five years 13¾-13⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 15/16-14 per cent; four-month trade bills 14½ per cent.

Approximate selling rate for one-month Treasury bills 13⅛-13 5/32 per cent; two-months 13-13 3/32 per cent; three-months 12 25/32 per cent. Approximate selling rate for one-month bank bills 14 3/16 per cent; two-months 14⅛-14 3/16 per cent; three-months 14 1/16-14 3/32 per cent; one-month trade bills 14¾ per cent; two-months 14⅝ per cent and three-months 14½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from December 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.0181 per cent.

MONEY RATES

NEW YORK	
Prime Rate	20-21½
Fed. Fund	17⅛-17½
Treasury Bills (13-week)	14.21
Treasury Bills (26-week)	13.52
GERMANY	
Discount Rate	7.50
Overnight Rate	8.92
One month	10.50
Three months	10.40
Six months	10.00
FRANCE	
Discount Rate	9.6
Overnight Rate	11.00
One month	11.0625
Three months	11.5625
Six months	12.3125
JAPAN	
Discount Rate	7.25
Call (Unconditional)	9.3125
Bills Discount (three-month)	8.53125

GOLD

Weaker trend

Gold fell $12 an ounce in the London bullion market yesterday to $591-594. Trading was extremely quiet and lacking in new features, and after opening at $600-603, the metal touched a best level soon after of $601-$604, and was fixed during the morning at $602.25.

In Paris the 12½-kilo bar was fixed at FFr 92,300 per kilo ($632.27 per ounce) in the afternoon, compared with FFr 92,200 ($633.38) in the morning, and FFr 92,000 ($633.35) on Friday.

In Frankfurt the 12½-kilo bar was fixed at DM 37,870 per kilo ($602.51 per ounce) against DM 37,345 ($600.00) previously, and closed at $593-595.

	Dec. 29		Dec. 24	
Gold Bullion (fine ounce)				
Close	$591-594	(£248¾-251)	$603-606	(£253¼-254½)
Opening	$600-603	(£252½-255¾)	$603-606	(£253¼-254½)
Morning fixing	$602.25	(£255.579)	$604	(£254.316)
Afternoon fixing	$595.75	(£250.527)	—	—
Gold Coins				
Krugerrand	$612½-615½	(£259-260¼)	$622-625	(£262½-264½)
1/2 Krugerrand	$313-318	(£132½-134½)	$318-324	(£134½-136¾)
1/4 Krugerrand	$157½-162½	(£66½-68¾)	$160½-165½	(£67¾-69¾)
1/10 Krugerrand	$64-67	(£27-28¼)	$65-68	(£27½-28¾)
Mapleleaf	$607-612	(£256½-258¾)	$616-621	(£260-263)
New Sovereigns	$150½-152	(£63½-64¼)	$152¾-154¼	(£64½-65½)
King Sovereigns	$170¼-172¼	(£72-73)	$172½-174½	(£72¾-73¾)
Victoria Sovs	$170¼-172¼	(£72-73)	$172½-174½	(£72¾-73¾)
French 20s	$154-156	(£65-66)	$152½-154½	(£64¼-65¼)
50 pesos Mexico	$740-744	(£313-314½)	$745-749	(£314¼-316)
100 Cor. Austria	$579-583	(£244¾-246½)	$585-589	(£246¾-248½)
$20 Eagles	$685-700	(£295¾-296)	$710-715	(£299½-301½)

WORLD VALUE OF THE POUND

APPOINTMENTS

C. E. Heath Group changes

Mr. F. R. D. Holland has been appointed chairman of C. E. Heath & Co. (Insurance Broking) the principal Lloyd's broking subsidiary within the C.E. HEATH GROUP. Mr. J. J. Burton remains a director of the company and of the parent concern, C.E. Heath & Co. and retains his responsibilities within C.E. Heath & Co. (International). Mr. P. F. Dawson has resigned as a director of C.E. Heath & Co. (Insurance Broking). He continues as a director of C.E. Heath & Co.

★

Sir John Trelawny and Mr. Terence Otway have been appointed joint deputy managing directors, and Mr. T. M. Brown a director of the London office of KORN/FERRY INTERNATIONAL. Colonel George Ramsay becomes a vice-president of the international division.

★

Mr. L. M. Harper Gow has been appointed a vice-chairman of THE ROYAL BANK OF SCOTLAND. Sir Donald Cameron of Lochiel, who was a vice-chairman, and Sir John Carmichael have retired from the Board.

★

Mr. P. J. van Zuydam has been appointed an additional director of PRESTIGE GROUP from January 1. He will be responsible for the Group's UK housewares division.

★

Mr. E. Pennant Jones has been appointed head of research at the ENGINEERING INDUSTRY TRAINING BOARD from January 1. He succeeds Mrs. Muriel Venoing, who is retiring.

★

Mr. James F. Alcock has been appointed director of petroleum purchasing, BRITISH GAS.

★

Mr. D. G. Hanson has been appointed a non-executive director of TOYE AND COMPANY from January 1.

★

Mr. Julian Tregoning has been appointed to the new post of international manager of the SAVE AND PROSPER GROUP from January 1.

★

Mr. C. D. Jakes, managing director of Warren Plantations Holdings has joined the Board of WILLIAM SINCLAIR (HOLDINGS).

★

Dr. A. W. Stanforth, head of the department of German and Scandinavian studies at Newcastle University, has been appointed to the chair of languages at HERIOT-WATT UNIVERSITY, Edinburgh. He will take up the post in September.

★

WILLIS FABER has made the following appointments from January 1: Mr. D. H. Payne and Mr. J. N. W. Woolerson are appointed directors of Willis Faber and Dumas. Mr. R. B. Mills will retire as managing director of Willis Faber (Underwriting Management) on December 31. Mr. A. R. P. Elliot will become managing director of Willis Faber (Underwriting Management) on January 1 and also general manager of Sovereign Marine and General Insurance Company. Mr. Mills will remain as a director of Willis Faber (Underwriting Management) and Sovereign, and will also continue as a director of Storebrand Insurance Company (UK) and of Heddington Insurance (UK).

Mr. L. J. Ball is appointed a director of Willis Faber (Underwriting Management) and Sovereign. The following are appointed executive directors of Willis Faber and Dumas. Mr. D. J. Coates, Mr. E. J. S. Garrett, Mr. J. P. Grose, Mr. S. J. Nunn, Mr. A. J. Peacock, Mr. J. M. Pelly and Mr. P. Wenham. Mr. R. B. Arbuthnot, Mr. D. G. Cole and Mr. R. B. Guthrie have been made executive directors of Willis Faber and Dumas UK, while the following are appointed executive directors of Willis Faber (Finance and Administration): Mr. D. J. Laker and Mr. P. D. Smith.

★

Mr. Nick Harrison has been appointed director in charge of LEISURE KITCHEN PRODUCTS — a division of Glynwed. Mr. Tony Burns has been appointed sales and marketing director. Mr. Paul Barrows has been appointed director in charge of Vogue Bathrooms — another division of Glynwed.

★

Mr. M. W. King, director of ANGLO AMERICAN CORPORATION in charge of its finance division, has been appointed a member of the executive committee of the Board.

★

MacDonald Hardy has been appointed a director of S. W. FARMER GROUP and of E. A. ROPER AND COMPANY. Mr. Robert Warnes has been appointed a director of Farmer Cabins and Farmer Cabins Manufacturing.

★

Mr. Frank A. Farrant becomes a director of PENTLAND INDUSTRIES on January 2.

★

Mr. Philip Cockroft has been appointed a regional director of the Yorkshire and Humberside regional Board of LLOYDS BANK from January 1.

★

Mr. K. A. Pitchford has been appointed to the Board of HOVERINGHAM GROUP from January 1, retaining his existing responsibilities for the Group's gravel, waste disposal, and builders' merchants divisions.

★

Mr. Michael Warwick has been made Group financial director and company secretary of GLANFIELD LAWRENCE.

★

Mr. Ian Trotter has been appointed managing director and Mr. Roy Still, production director, of CREATORS. Mr. Trotter also joins the Board of parent concern Plascoat International, which is a member of the Imperial Group. Mr. David Dunn and Mr. Norman Finn have become directors of member company Plascoat Systems.

★

Mr. A. M. McKean has been appointed solicitor to the BRITISH WATERWAYS BOARD.

★

Mr. Alan Jackson has been appointed to the Board of PORVAIR. He was previously company secretary.

LONDON TRADED OPTIONS

(Dec. 29 Total contracts 582)

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	420	22	6	42	—	60	6	422p
BP	500	3	2	15	—	50	6	"
Com. Union	180	½	100	2	—	3	—	137p
Cons. Gold	488	50	1	70	—	—	—	536p
Courtaulds	50	8	3	13½	—	15	—	55p
Courtaulds	60	2½	77	7	35	9	—	"
Courtaulds	70	½		3	20	5½	—	"
GEC	330	270	1	—	—	—	—	595p
GEC	550	55	—	70	1	113	—	"
GEC	600	22	24	58	20	80	—	"
ICI	330	7	15	21	6	30	—	320p
ICI	360	½	—	11	2	19	—	"
Land Sec.	360	—	20	32	—	42	5	364p
Land Sec.	420	1	—	10	—	17	6	"
Marks & Sp.	100	16	10	28	—	25	—	114p
Marks & Sp.	110	6½	18	14½	—	19	—	"
Marks & Sp.	120	1½	—	8	—	12½	—	"
Shell	550	2½	—	14	2	22	—	476p
Totals			277		66		22	
		February		May		August		
Imperial Cp.	70	5½	100	7	10	10	—	71p
Lasmo	700	92	5	135	—	169	—	759p
Lasmo	750	62	—	107	10	142	1	"
Lasmo	800	42	5	80	26	117	—	"
Lonrho	64	34	1	—	—	—	—	95p
Lonrho	100	—	—	10	1	14	—	"
Lonrho	110	—	—	5½	10	8	6	"
Lonrho	114	2½	5	—	—	—	—	"
Lonrho	120	1	—	3½	—	5½	10	"
Racal Elec.	360	8	7	26	—	38	—	525p
Totals			125		57		17	

BASE LENDING RATES

A.B.N. Bank	14 %	■ Guinness Mahon	†14 %
Allied Irish Bank	14 %	■ Hambros Bank	14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
A P Bank Ltd	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Bremar Holdings Ltd.	15 %	Rossminster	14 %
Brit. Bank of Mid. East	14 %	Ryl. Bk. Canada (Ldn.)	14 %
■ Brown Shipley	14 %	Slavenburg's Bank	14 %
Canada Perm't Trust	15 %	E. S. Schwab	14 %
Cayzer Ltd.	14 %	Security Trust Co. Ltd.	15 %
Cedar Holdings	14 %	Standard Chartered	14 %
■ Charterhouse Japhet	14 %	Trade Dev. Bank	14 %
Choulartons	15 %	Trustee Savings Bank	14 %
C. E. Coates	14 %	Twentieth Century Bk.	14 %
Consolidated Credits	14 %	United Bank of Kuwait	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½ %
Corinthian Secs.	14 %	Williams & Glyn's	14 %
The Cyprus Popular Bk.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 11½%, 1-month deposits 11¾%.

† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.

‡ Call deposits £1,000 and over 11½%.

§ 7-day deposits 12%.

MERRILL LYNCH INTERNATIONAL

Back to the drawing board

The tenure of Mr. David Montagu and Mr. John Craven at the head of Merrill Lynch's London-based bank has proved *short-lived*. *Michael Lafferty* and *Peter Montagnon* report

IT IS almost a year since Merrill Lynch International set the City buzzing with the news that it had recruited Mr. David Montagu and Mr. John Craven to build up the group's London-based international banking division. It certainly seemed a great coup at the time, and a vision was soon being painted of a succession of banking acquisitions throughout Europe, engineered by the famous duo.

That vision seemed more than a little sour yesterday, when both men announced their resignations, and one of them admitted that the whole exercise had turned out to be a major flop.

It leaves Mr. Montagu and Mr. Craven—two of the City's best-known banking personalities—without a job, for a while at least. Their transition to the ranks of the nation's *unemployed* will not be without some comfort, however. Merrill Lynch is to provide both with an office and a secretary until the many job offers which both hope to see pour in can be sifted and dealt with. Despite this, the matter of compensation payments had not apparently arisen.

The departure of Mr. Montagu, who is 52, and Mr. Craven, 40, was, according to the company's president, Mr. Arthur Urcioli, the result of "philosophical differences." But these differences had less to do with business strategy than with day-to-day practice. It is understood that Merrill Lynch imposed rigorous reporting requirements on trading positions.

It is practice throughout the whole group for trading positions in foreign exchange to be reported back to New York weekly and to be known on a daily basis. A similar procedure applies to positions in bonds.

Mr. Montagu, as chairman of Merrill Lynch International Bank, and Mr. Craven, as its deputy chairman, apparently felt such a task to be an irksome diversion from their main task of developing a greater presence for Merrill Lynch in international banking.

Such an objective, according to Mr. Urcioli, was never in dispute. Indeed it still holds good today. Mr. Urcioli told the Financial Times yesterday that *Merrill Lynch* "*still has a com*mitment to build and broaden a diversified financial services firm."

As evidence of this intention he said that arrangements have recently been completed for the London-based Merrill Lynch International Bank to receive a capital injection of some $12m bringing its total capital to $30m. This will allow it to expand its business.

But the expansion will now take place under new top management. An announcement covering new top management positions will be made "shortly," but meanwhile Mr. Urcioli, who is based in New York, will spend more time in London to supervise the affairs of the bank immediately following the departure of Mr. Montagu and Mr. Craven.

Both men are now acutely conscious of the potential damage *which the Merrill* Lynch episode could have on their careers. They admit to having made an error of judgment in believing that as personalities they were big enough to get the "Thundering Herd" to see things their way. They are also worried about getting a reputation for moving around too quickly, or for seeking the impossible. The point seems particularly relevant in the case of Mr. Montagu. One observer recalled yesterday that he had left Samuel Montagu, where he had been for 24 years, because of not wishing to work with Midland Bank; then there was Orion Bank, the consortium bank he had built into a considerable success, where *another philosophical dispute* with shareholders led to *his departure in October last year.*

The most spectacular moment of the brief tenure of Mr. Montagu and Mr. Craven came with merger talks between Merrill Lynch International Banking group and Hill Samuel. The talks failed to yield an agreement, however, although Mr. Montagu said at the time that "it was a perfect fit and would have taken Merrill Lynch a great quantum leap forward."

New merger discussions have not been undertaken. Merrill Lynch clearly does have its eyes open for any attractive acquisition, but, says Mr. Urcioli, "it may be ten years before an opportunity arises in London or it could happen next week."

Mr. Craven has moved around quite a bit in his career to date. A Canadian chartered accountant by training, he spent five years with Warburgs and eight years with Credit Suisse White Weld, before returning to Warburgs in December 1978 to become a vice-chairman.

Although Mr. Montagu and Mr. Craven knew each other, they only became working colleagues a year ago with the ill-fated Merrill Lynch move. Where do they go from here? "We are now free to consider other opportunities," commented Mr. Montagu. "We would like to do something together again, and we are certainly not restricting our minds to Eurobanking."

Delay in restructuring at Commonwealth Oil

BY OUR FINANCIAL STAFF

COMMONWEALTH OIL Refining has disclosed that its emergence from Chapter XI of the Federal Bankruptcy Code will be delayed.

Commonwealth, which has previously said it would emerge from Chapter XI in January, 1980, now says that it is hopeful that it can complete the restructuring in the first quarter of the year.

The company also said it had reached definitive agreements with its bankers, with Tesoro Petroleum and with joint venture partner *PPG Industries* for a revised restructing plan.

It noted, however, that several "significant" matters still remained undecided before the company could emerge from Chapter XI.

Mr. C. Howard Hardesty, chairman and chief executive of Commonwealth, said that the bankruptcy court had approved all but one aspect of the agreement reached with Tesoro Petroleum on the settlement of Tesoro's claims against Commonwealth, and had deferred consideration of this aspect to a later date.

Tesoro is a major Commonwealth creditor as well as its *largest single* stockholder.

Sluggish plastics hits performance at Hercules

BY OUR FINANCIAL STAFF

HERCULES, the manufacturer of chemicals and related products, expects earnings for 1980 to be below the record net of $172.5m, or $3.89 a share, achieved in 1979. Mr. Alexander Giacco, the chairman and president, said, however, that the result would still be the company's "second best ever."

He said net earnings would exceed the 1978 operating net of $108.2m or $2.47 a share (before a write-down of $4.9m, or 11 cents). The 1979 net included a non-recurring gain of *$28m, or 62 cents.*

In the first nine months of 1980 the company earned $82.8m, or $1.89 a share, compared with $145.7m, or $3.29 including the non-recurring gain, in the same period of 1979.

Mr. Giacco attributed the poorer performance in 1980 to sluggish demand and tough competition in the company's plastics business.

Hercules would be headed for another *strong* year, he said, if it were not for the company's petroleum-derived products, notably plastics. In the first nine months profits from plastics operations fell to $11m from $46m in the corresponding period of 1979.

Allegheny Ludlum sells special steels unit

By David Lascelles in New York

ALLEGHENY LUDLUM Industries, the large Pittsburgh industrial concern which owns Wilkinson Match of the UK, has sold off its specialty steel division to a *group of private investors* headed by the division's president, Mr. Dick Simmons.

Under the terms of the deal worked out last week, the investors are paying $195m. This includes $60m in an immediate cash payment, $70m in a term note, and the issue to Allegheny Ludlum of 650,000 shares of *preferred stock* worth $65m. Allegheny will thus retain an equity interest in the division.

The sale price is about $20m below book value, which means that Allegheny's earnings for the quarter will be reduced by that amount.

Allegheny sold the division because it does not fit into its long range growth plan, which is geared less to commodity operations than to high technology and manufacturing. The division accounted for about 20 to 25 per cent of gross revenues, and approximately the same proportion of earnings.

The division is the largest specialty steel producer in the U.S. and the second largest in the world after Nippon Steel.

Mr. Dick Simmons has become an outspoken champion of the specialty steel industry in the U.S., demanding that it be given a chance to compete fairly with foreign, usually government-subsidised producers. He was a bitter critic of President Carter's decision to allow quotas on specialty steel imports to lapse last year.

Mr. Simmons has sent letters to the company's employees and suppliers saying that no major changes are planned.

Twenty per cent of the new company will be owned by Mr. Simmons and half a dozen of his top executives. The other purchasers include a group headed by Mr. George Tippins, a wealthy Pittsburgh industrialist.

Teledyne lifts its stake in Harvester

By Our Financial Staff

TELEDYNE, the industrial conglomerate with widely diversified interests, has increased its stake in *International Harvester to the* equivalent of 9.9 per cent of the common stock outstanding. In a filing with the Securities and Exchange Commission, Teledyne said that it held common stock and preferred stock which if converted into common, would total 3,144,367 common shares.

Teledyne manufactures industrial and aviation engines, machine tools, electronic and avionic equipment, specialty metals and consumer products, and also owns insurance companies. International Harvester, one of the largest industrial groups in the U.S., is a leading manufacturer of farm machinery, tractors and trucks.

Fourth quarter profit setback at Citicorp

By Our Financial Staff

CITICORP, parent of Citibank, the second largest bank in the U.S., says fourth quarter earnings before securities gains will fall below the previous year's $154.2m or $1.23 a share. Net income for the whole of 1979 was a record $541m, equal to $4.36 a share.

Citicorp said it will record a "significant" decline in net interest revenue in the quarter, reflecting the impact on its fixed-rate operations of the sharp climb in interest rates.

Mitsubishi U.S. marketing plan rejected by Chrysler

BY PAUL BETTS IN NEW YORK

CHRYSLER, the financially troubled U.S. car maker which has now formally applied for an additional tranche of $400m in *Federal loan guarantees,* ruled out at the weekend that it would *agree* to a plan by Mitsubishi, its Japanese partner, to establish its own Japanese marketing subsidiary in the U.S.

On *Boxing Day,* Mitsubishi said it intended to set up a marketing subsidiary in the U.S. to avoid legal complications in the event of a Chrysler bankruptcy. Under their 1969 marketing arrangements, the U.S. car manufacturer currently has exclusive distribution rights *of Mitsubishi cars in the North* American market. In the first 11 months of this *year,* Chrysler sold more than 180,000 Mitsubishi vehicles, including the Dodge Colts and the Plymouth Champs, in North America this year.

Although Mitsubishi said in Tokyo that Chrysler had agreed to the plan, Mr. Wendell Larsen, the U.S. company's vice-president for public affairs, said Chrysler would *not allow* Mitsubishi to set up its own sales network in *the* U.S. to market the cars and trucks *currently sold under Chrysler* nameplates.

Mr. Larsen claimed that no agreement had been reached to change the present *distribution* arrangements, although Chrysler *had* agreed to certain modifications in the control of the Japanese vehicles while they were in American ports. Chrysler currently takes control of the Japanese cars as soon as they are unloaded from the ships at American ports. In future, the Japanese company *will retain control* of the cars until they leave the ports for Chrysler dealers.

Although Chrysler claimed there would be no new marketing subsidiary, Mitsubishi is understood to have been unhappy *for* some time of its current marketing arrangements with Chrysler. Apart from concern over the future of the number three U.S. car maker, Mitsubishi is believed to think *that* it *could* market its models in the North American *market much better on its own* largely because Chrysler does not distribute the entire range of the Japanese company's models.

INTERNATIONAL CAPITAL MARKETS

$75m bond for French utility

BY PETER MONTAGNON

ELECTRICITE DE FRANCE is to raise $75m through a seven-year 13 per cent Eurobond which has been priced at par by the lead manager, Societe Generale.

Terms of the issue were described as fine by bond dealers yesterday. It follows close on the heels of a $70m, five-year issue for *Gaz de France.* Also managed by Societe Generale. The *Gaz* issue bears a coupon of 13½ per cent and was quoted yesterday 100½-¾.

The EDF bond, which is a "bought deal," thus seems to have been launched *in anticipa*tion of a further upward movement in bond prices once trading gets under way after the new year holiday. If U.S. rates do continue to fall the new year could see good demand for bonds, which would make the issue easy to place.

For the time being, however, the *dollar Eurobond* market remains very quiet, with most houses all but closed ahead of the year-end.

By contrast, some activity was noted in Switzerland, where Swiss franc foreign bonds rose by 1½ *points.* Demand was prompted above all by the decline in short-term dollar interest rates. Investors believe that this will enhance the attractiveness of the Swiss franc on exchange markets and are *keen to profit from* the *substan*tial real return offered on Swiss franc foreign bonds.

Additional support is coming from expectations of heavy reflows into the domestic market in January. Institutional buying of domestic bonds next month could *bring* the *prices of foreign* bonds higher in sympathy.

Thin *trading was reported* from Germany, where prices of recent issues were virtually unchanged. Some seasoned issues were marked higher by up to one point but there was no real buying as most operators have closed their books ahead of the year-end.

● It is understood that Mr. David Potter is resigning as managing director of Credit Suisse First Boston and will join Samuel Montagu at the invitation of its new *chief executive* Stoffan Gadd.

Mr. Leigh Wilson has resigned as director of UBS (Securities) with effect from December 31, but his future employment, in California, remains undisclosed.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday, January 12.

Closing prices on December 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11½ 88	100	92½	93	+2½	+0½	13.06
CFE 13 87	75	†91⅞	92	+2	+1½	15.01
Citicorp O/S Fin. 10 86	300	87⅜	87⅞	+2⅜	+0⅜	13.27
Citicorp O/S Fin. 12 87	200	94½	95	+2⅜	0	13.19
Con. Illinois O/S 9¾ 86	150	86⅝	87⅛	+3½	+0⅛	13.21
Denmark 11⅛ 90	100	88¾	89¼	+0⅜	+0⅛	13.88
Dome Petroleum 13½ 92	50	99⅜	99⅞	+1⅞	+0⅜	13.53
EEC 11 95 (May)	75	85¼	85¾	+1⅛	0	13.31
EEC 11 95 (August)	70	83¼	83¾	+1⅜	−1⅛	13.63
EIB 13⅜ 90	100	100⅛	100⅝	+2⅞	−0⅛	13.64
Elsportfinans 9½ 87	75	84⅞	85⅜	+2⅛	+2⅜	12.98
Elec. de France 12 88	125	85⅞	86⅜	+3⅛	+0⅜	12.97
Export Dv. Con. 12¾ 87	100	97⅞	98⅜	+2⅜	−0⅛	13.22
Export Dv. Cpn. 9½ 86	150	85⅝	86⅛	+3⅛	+0⅝	13.54
Fed Dev. Bank 12¾ 85	75	95¾	96¼	+2⅛	+0⅜	13.46
Fin. Exp. Credit 10½ 85	50	89⅜	89⅞	+1⅛	+1⅛	13.72
Finland, Rep. of 9½ 85	100	82¼	82¾	+0⅞	+1	14.48
Ford Credit O/S 14⅜ 83	150	99	99½	+1⅛	+0⅛	14.93
Ford O/S Fin. 12⅜ 85	250	90⅛	90⅝	+1½	+0⅛	15.76
GMAC O/S Fin. 13⅜ 85	100	98¼	98¾	+2⅛	+1⅜	13.80
GMAC O/S Fin. 12 87	100	93⅜	93⅞	+3⅜	+0⅛	13.46
Gen. Mtrs. O/S 11⅜ 87	100	91⅞	92⅜	+3⅛	+0⅛	13.57
Goodyear O/S 12½ 87	75	†95¼	95¾	+2⅛	0	13.58
Hudson's Bay 11½ 90	75	89⅞	90⅛	+3½	+1	13.36
IBM Canada 10⅛ 85	50	96⅝	97⅛	+1⅛	0	11.35
Int. Harvester 12¾ 85	115	97	97½	+3⅜	+1½	13.53
J. C. Penney Int 12¾ 86	100	†97	97⅛	+2⅛	0	13.08
McGraw 13⅜ 85	75	†95¾	96¼	−0⅛	−0⅛	14.74
NorWest Ind. 13⅜ 87	50	†96½	97⅜	+2½	0	14.36
Nova Scotia 10⅜ 90	50	86	86½	+1⅛	+0⅛	13.35
OKB 10 85	50	89¼	89¾	+1	+0⅛	13.17
Pemex 11½ 88	100	87⅜	87⅞	+1⅛	+0½	14.25
Quebec Hydro 11½ 92	100	88⅛	88⅝	+3⅜	+1½	13.50
Reosteel O/S 11½ 88	100	84⅛	84⅝	+1⅛	−0⅛	15.07
Rovlease 11½ 85	50	92⅞	93½	+0⅞	+0⅜	13.42
SNCF 12⅜ 85	50	98¼	98⅝	+2⅛	+0⅛	12.83
Sweden 12⅜ 85	150	95½	96⅛	+3	+0⅛	13.53
Swed. Ex. Cred 12½ 85	40	94⅝	95⅛	+1⅜	−0⅛	14.08
Swed Ex. Credit 12 83	50	95½	96	+2⅛	+0⅛	13.89
Transamerica 12⅞ 83	50	†96⅝	97	+2½	−0⅛	13.85
Unilever NV 9¾ 90	100	82½	83	+1⅜	+0⅜	12.98
World Bank 9¾ 85	200	88½	89	+2⅜	+0⅛	13.20
World Bank 10⅜ 87	300	87⅜	87⅞	+3⅜	+0⅞	13.17

Average price changes... On day +2⅜ on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
*Asian Dev. Bk. 8⅜ 90	100	92⅜	92⅞	+0⅛	+0⅛	9.58
Australia 8⅛ 90	250	95⅞	96⅜	+1⅛	+0⅛	8.73
Austria, Rep. of 8⅛ 92	150	93½	93⅞	+0⅛	+0⅛	9.17
BFCE 8⅛ 95	100	†91	91½	+1⅛	+1⅛	9.24
CECA 7⅞ 92	150	†92	93	+1⅛	+1	8.92
CII-Honeywell 8⅜ 90	125	†93½	94½	+0½	+0⅛	9.33
Denmark 8⅛ 92	100	†95⅞	96½	+1⅞	+1⅞	8.81
EIB 8¼ 90	200	95⅜	95⅞	0	−0⅛	9.17
ESCOM 9⅜ 87	100	97⅝	98½	+0⅛	0	9.66
Iberduero SA 9 90	100	†97⅞	98	+1⅛	+1⅛	9.37
Ind Bk. Finland 8½ 90	50	†93⅜	94½	+0⅜	+0⅛	9.43
Japan Air Lines 8⅞ 87	100	95⅝	97	+1⅞	+1⅛	8.79
Japan Dev. Bk. 7⅞ 87	100	92	92½	+0⅛	0	9.19
Kobe, City of 8 90	100	93⅛	93⅞	+0⅞	+1	9.03
Midland Int. Fin. 8½ 90	180	95⅞	96⅜	+0⅛	+0⅛	9.08
Norway 7½ 85	250	97	97⅜	+1⅛	+1⅛	[illegible]
Nuclebras 9⅜ 88	100	†92	92⅜	−0⅛	0	1[illegible].26
OKB 8⅛ 92	150	†91½	92½	+0½	+0⅛	[illegible]
Oslo, City of 8⅜ 90	80	98⅞	99⅞	−0⅛	0	8.99
Venezuela, R. of 9⅜ 90	150	97	97⅜	+0⅛	+0⅛	10.17
World Bank 8 90	700	91⅜	92½	−0⅛	−0⅛	9.32
World Bank 10 86	150	103⅝	104⅜	−0⅛	+0⅛	8.94
World Bank 10 90	200	104⅛	105⅜	−0⅛	−0⅛	9.12

Average price changes.. On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅜ 90	100	†96	96½	+2½	+1⅛	5.89
Bayer Int. Fin. 5⅜ 92	100	99⅜	100	+0⅛	+0½	5.26
Bergen, City of 6 90	50	100½	100⅞	+0½	+0½	5.91
Ruhrm'n-Tetterode 7 90	40	106	106⅛	+0⅜	+0½	6.39
Copenhagen Tele. 5⅜ 90	80	94⅞	95½	+1⅛	+2	6.45
Denmark 5⅜ 90	80	93⅞	94½	+0⅛	+0⅞	6.61
EIB 4⅜ 94	100	85	85⅛	+0⅛	0	4.99
Fiat de France 5⅜ 90	100	99⅛	99½	+1⅛	+0⅛	5.33
Eurofima 5⅜ 92	80	107⅜	107	+0⅛	+0⅛	5.57
F. C. H. Hypo Bk. 6 90	50	†102⅛	102⅜	+2⅛	+0⅛	5.65
Finland, Rep. of 5⅜ 90	80	93⅞	94½	+1⅛	+0⅞	6.48
GZB 4⅜ 89	100	†87	87⅛	+1⅛	+1⅛	6.16
Int.-Amer. Dev. 7 90	80	105⅞	105⅜	+0⅞	+0⅛	6.77
Japan Dev. Bk. 5⅞ 90	100	101⅛	101⅜	+1	+0⅛	5.53
Jutland Tele. 5⅛ 90	50	95½	96⅛	+0⅛	+0⅛	6.14
Mt. Blanc Tunnel 5½ 90	60	97⅛	98⅛	+0⅛	+0⅛	5.77
Newco 5⅜ 90	80	100⅛	100½	+1½	+1	5.69
Nippon Tel. & T. 4⅜ 89	100	†93	93½	+4⅛	+3⅞	5.73
Nordes Komm. 4⅜ 91	100	86½	86⅞	+1⅛	+1⅛	6.10
OKB 4⅜ 91	100	89	89½	+3⅜	+3⅞	5.74
OKB 6 90	100	101½	101⅞	+1½	+0⅞	5.76
Oslo, City of 4⅜ 91	100	†86	86½	+0⅛	+0⅛	6.15
Oslo, City of 5⅜ 92	80	100⅛	101	+0⅛	+0⅛	5.75
Philips Lamps 5⅛ 92	100	95⅝	96	+0⅛	+0⅛	5.74
Sekisui Pre. Hms. 6 90	80	100⅛	100⅝	+1⅛	+0⅛	5.91
Shikoku El. Pwr. 4⅞ 89	100	91⅜	92	+1⅛	+0⅛	5.99
Trade Dev. Fin 6⅛ 90	50	97⅜	97½	+0⅛	+0⅛	6.61
Voest-Alpine 5⅜ 90	80	97	97⅛	+1⅜	+0⅛	6.15

Average price changes . On day +1⅛ on week +1

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	89⅝	90⅛	+0⅛	+0⅛	9.76
Australia 5½ 88	20	85⅛	85⅝	−0⅛	−0⅛	8.10
EIB 7⅜ 89	12	92⅝	93⅛	−0⅛	−0⅛	8.80
Finland 5.6 87	10	89⅛	90⅛	−0⅛	0	10.09
Finland 6.8 88	10	85½	86⅛	0	+0⅛	9.57
Finland, Rep. of 8⅛ 87	15	95	95½	−0⅛	+0⅛	8.29

Average price changes . On day −0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	60	89⅝	90½	+0½	+0⅛	12.78
CIBC 13½ 85 C$	50	†96⅛	97	+0⅛	+0⅛	14.52
CIBC 11½ 85 C$	60	†91⅜	92½	+1½	+1½	13.89
Federal Dev. 11⅜ 90 C$	60	†85	86	+0⅛	+0⅞	14.36
Fst. Can. Inv. 10 84 C$	50	†88	88⅞	+0⅛	+0⅛	14.53
R. Bk. Canada 10 86 C$	40	89	91	+2	+2	12.68
Tordom Cpn 13½ 85 C$	30	†97⅞	98	+0⅛	+0⅛	14.20
M. Bk. Dnmk. 9 91 EUA	25	90½	91⅜	−1⅛	−1⅛	10.39
SOFTE 8⅜ 89 EUA	40	87½	88⅜	+0⅛	0	10.[illegible]
U. Bk. Nrwy. 9½ 90 EUA	18	98⅛	102	0	0	[illegible]
Bk. Mees & H. 10 83 Fl	75	101	101½	+1	+0⅛	9.[illegible]
F. G. Hypo 9⅜ 87 Fl	60	94⅛	95⅛	+0⅛	+0⅛	10.[illegible]
Heineken NV 10 87 Fl	75	98	98½	+1⅛	+0⅞	10.[illegible]
Nat. Inv. Bk. 10 87 Fl	75	97	97½	+1⅛	+0⅞	10.5[illegible]
Nat. Neder. 9½ 87 Fl	60	94⅜	95⅛	+1	+0⅛	10.5[illegible]
Ned. Mdd. Bk. 10 85 Fl	75	101⅛	101⅞	+0⅞	+0⅛	[illegible]
Aero Paris 13½ 87 FFr	150	95⅜	96⅛	0	0	13.5[illegible]
Charb'nages 13⅜ 85 FFr	400	99⅜	100⅛	+0⅛	+0⅛	13.[illegible]
CECA 14⅛ 86 FFr	150	100	101	+0⅛	0	14.[illegible]
Finland 11 84 FFr	90	89½	90½	+0⅛	+0⅛	14.[illegible]
Finland 11½ 88 FFr	70	84⅛	85⅛	+0⅛	+0⅛	14.6[illegible]
Gaz de France 11 84 FFr	130	90⅜	91⅛	+0⅛	+0⅛	14.[illegible]
Renault 9⅜ 85 FFr	100	82⅛	83⅛	−0⅛	0	15.2[illegible]
Solvay et C.e 9⅜ 87 FFr	125	78	79	−0⅛	−0⅛	15.2[illegible]
Uid. Mex. Sts. 14 85 FFr	150	97⅜	98⅛	−0⅛	+0⅛	14.[illegible]
Acona 14 85 £	20	†95⅞	96	+0⅛	+0⅛	15.2[illegible]
Beneficial Fin. 14⅛ 90 £	20	93⅛	94⅛	+0⅛	−0⅛	15.[illegible]
Beneficial Fin. 14⅛ 90 £	20	93⅛	94½	−0⅛	+0⅛	15.[illegible]
BNP 13½ 91 £	15	95½	96⅛	+1⅛	+1⅛	14.2[illegible]
CECA 13½ 88 £	20	96	96⅛	+2⅛	+2	14.2[illegible]
Citicorp O/S 13½ 90 £	50	94⅛	95⅛	+1⅞	+0⅛	14.5[illegible]
Fin. for Ind. 14½ 88 £	20	99⅛	100⅛	+0⅛	+0⅛	14.6[illegible]
Fin. for Ind. 13⅜ 87 £	20	96⅝	97⅛	+1⅛	+1⅛	14.6[illegible]
Gen. Elec. Co. 12⅛ 89 £	50	92	93	+1⅛	+0⅛	14.0[illegible]
Peugeot SA 14 90 £	23	94⅛	94⅞	+1	+0⅛	15.0[illegible]
Rothschild 14⅛ 90 £	12	97⅛	98	+2⅛	+1⅛	14.6[illegible]
Swed. Ex. Cr. 13⅜ 85 £	20	101½	101⅞	+0⅛	+0⅛	13.8[illegible]
Banobras 8⅜ 90 KD	7	†86⅜	86⅛	0	0	10.9[illegible]
CCCE 8⅜ 91 KD	10	†75⅜	76⅛	0	0	12.3[illegible]
Sonatrach 8½ 90 KD	12	†87⅜	87⅞	0	0	10.6[illegible]
Akzo 9⅜ 87 LuxFr	500	88⅛	89½	−0⅛	−0⅛	11.6[illegible]
Euratom 9⅜ 89 LuxFr	500	93⅜	94⅛	+0⅛	+0⅛	11.6[illegible]
Eurofima 10½ 87 LuxFr	500	98⅛	99⅛	+0⅛	0	10.7[illegible]
EIB 9⅜ 88 LuxFr	600	95⅜	96½	−0⅛	−0⅛	10.6[illegible]
Volvo 9⅜ 87 LuxFr	500	90	91	0	0	11.8[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5⅛ 87	0⅛	†98⅛	99⅛	2/1	10.44	10.54
Bk. of Montreal 5⅛ 90	0⅛	99	99½	18/6	5⅛	5.29
Bank of Tokyo 5⅛ 89	‡0⅛	97⅛	98	25/4	13.94	14.28
BBL Int 5 86	0⅛	93⅜	98⅜	20/5	18⅛	16.75
Barclays O/S Inv. 5 90	0⅛	*199	99½	13/6	20⅛	20.28
Bergen Bk. A/S 6 89	‡0⅛	†98	98½	29/2	18.79	18.51
BNP 5½ 88	0⅛	98⅛	98½	29/1	14.44	14.66
CNT 5⅛ 86	§0⅛	96⅝	97⅛	16/4	13⅛	13.66
Citicorp O/S F. 84	‡0	†99⅛	99⅛	29/2	17⅞	17.93
C. Itoh 5⅛ 87	0⅛	96⅛	97	18/3	12⅛	13.31
Co-operative Bk. 6 86	0⅛	97⅜	97⅛	15/5	15⅛	15.56
Den Norske Credit 6 90	0⅛	97⅜	98⅛	5/2	15⅛	16.07
Genfinance 5⅛ 87	0⅞	97½	98	30/4	15⅛	15.47
Giro und Bank 5⅛ 91	0⅛	†99⅛	99⅛	23/3	5⅛	5.78
GZB 5⅛ 89	0⅛	97⅛	97⅜	1/2	15.06	15.47
Jugobanka 8 89	0⅞	91	93	23/5	18⅛	18.21
Ind. Bank Japan 5⅛ 87	0⅛	96⅛	97½	15/4	13.31	13.73
Ind. Bank Japan 5⅛ 88	0⅛	96⅛	97⅛	9/4	13⅛	13.58
Lloyds Eurofin 8 90 £	0⅛	94	94⅜	3/1	15⅛	16.09
Lloyds Eurofin 5⅛ 92	0⅛	99⅛	99⅜	4/6	17⅛	17.45
LTCB Japan 5⅛ 86	0⅛	100½	101	13/6	20.19	20.04
Man. Hanov. O/S 5⅛ 94	‡0⅛	97⅛	98⅛	29/2	18⅛	18.75
Midland Int'l. Fin. 5 89	0⅛	†99⅛	100⅛	30/12	9⅛	9.[illegible]
Midland Intl. Fin. 5⅛ 92	0⅛	97⅛	99⅛	5/6	17.19	17.35
Nacional Fin. 5⅛ 88	0⅞	97⅛	98	25/1	9.69	9.91
Nat. West. 5⅛ 84	§0⅛	95⅛	96⅛	16/4	13⅛	13.20
Nat. West. 5⅛ 92	§0⅛	95⅛	96⅛	23/4	13.63	14.14
Nippon Credit 5⅛ 87	‡0⅛	98	98⅛	6/2	16.06	16.35
Standard Chart. 5⅛ 90	0⅛	96⅛	96⅛	6/3	12.06	12.50
Svenska Handlsbk 5 87	0⅛	98⅛	98⅜	15/1	10	10.17
Aq. Ev. d'Alg. 4⅛ 89 SF	0⅛	188⅛	89	18/12	6⅛	6.90

Average price changes. On day +0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/87	23.12	102⅛	103⅛	−0⅛	12.86
Canon 5⅛ 95	1/81	829	112⅛	113⅛	+0⅛	2.04
Credit Suisse 4⅛ 93	10/79	1278	111⅛	116⅛	+7⅛	−2.12
Digicon Fin. 8⅛ 95	10/81	29.5	*†103⅛	105	+3⅛	0.80
Enserch Fin 9⅛ 94	7/80	30.25	1165	165	+0⅛	−1.33
Hanson O.S. Fin. 9⅛ 95	1/81	1.92	†99⅛	100⅛	+5⅛	1.87
Ina Overseas 8⅛ 2000	4/81	42	*†117⅛	103	+3⅛	4.49
Inchcape Ltd 8 95	2/81	4.55	†95⅛	96⅛	+2⅛	−2.45
Jacca 7½ 95	11/80	565	1105⅛	107⅛	−0⅛	3.29
Marion Int. Fin. 9 95	12/80	23.25	*†107	109⅛	0	−0.31
Matsushita El. 7½ 95	11/80	649	†99⅛	103⅛	+2⅛	16.57
MEPC 8⅛ 96	2/81	2.47	†92⅛	93⅛	+1⅛	7.56
Nikkatsu Eng. 7⅛ 96	1/81	327	194⅛	95⅛	+3⅛	−0.83
Nisshin-Iwai Co. 5 96	10/80	398	197⅛	94⅛	+2⅛	0.14
[illegible] 95	[illegible]	604	107	109	+2⅛	−2.63
Sumitomo M. Ind. 7 95	2/81	191	†103⅛	103⅛	+4⅛	−3.09
Swiss Bk. Cpn. 6⅛ 90	9/80	200	*†99⅛	91⅛	−2⅛	4.29
Taylor Woodrow 8⅛ 90	1/82	4.94	93⅛	95⅛	+0⅛	8.68
Transocean Gulf [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tricoro [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujisawa [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sharp Corp. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unv Ol. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Workers propose co-operative for Manufrance

BY DAVID WHITE IN PARIS

EMPLOYEES of Manufrance, the bankrupt Saint-Etienne manufacturing and distribution concern, have made a desperate last attempt to rescue the company from disintegration by urging the government to relaunch it as a workers' co-operative.

The long-running battle over Manufrance's future is coming increasingly to resemble the saga of the Lip watchmaking concern in Besancon, which after a work-in and four years of rescue efforts turned itself into a co-operative in 1977.

The latest proposal follows a decision by a local Commercial Court a week ago to allow Manufrance to hive-off two of its non-manufacturing activities, its mail order branch and its popular sporting magazine, Le Chasseur Francais.

The local management branch of the communist-led CGT union, in a telegram to the president of the Commercial Court, has demanded that the decision be revoked and Manufrance kept together as one group. At the same time, it has written to M. Rene Monory, Economy Minister, asking for the FFr 150m ($33m) that the government said earlier it would be ready to put into a rescue plan.

The union is also asking for state subsidies, credit facilities from nationalised banks, and guaranteed income for Manufrance's 1,850 workers while the new co-operative is being started. The government recently changed its rules to allow for unemployment benefit to be paid to workers who took over their company, for the initial six months. Manufrance management staff are asking for this system to be extended to 12 months.

Altogether, the union reckons it can call on FFr 2.3bn in funds to be channelled into the venture.

The proposal has received backing from the local branch of the white collar union, the CGC, and from the communist dominated Saint-Etienne town council, which has for the past three years been opposed to a break-up of Manufrance.

But the other main Left-wing union, the CFDT, has expressed some reservations about the viability of the co-operative.

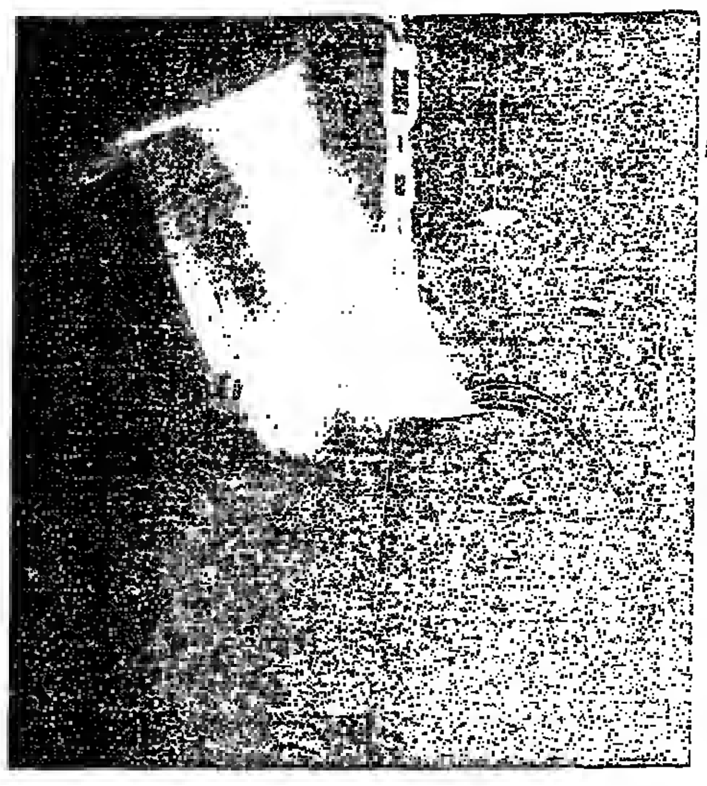
The CGT is contesting the legality of the hiving-off measures drawn up by M. Bernard Tapie, chairman of the original Manufrance company, which was declared bankrupt last year. The assets reverted to the original company when Societe Nouvelle Manufrance, a holding group put together in a bid to pull it out of its losses, was likewise put into liquidation in October.

The unions claim that the measures, which in the first stage entail leasing contracts for the mail order and magazine divisions, should have been put to the works council, which still exists legally although workers have all received their notices.

WEST GERMAN STEEL INDUSTRY

Coming to terms with quotas

BY ROGER BOYES IN BONN



WEST GERMANY'S steel companies, once passionately opposed to compulsory EEC production quotas, are slowly coming to terms with the measures and girding themselves for lower output and, in many product areas, lower profits. However, they all welcome the firming effect that the quotas—still largely under negotiation—are having on prices.

The most optimistic voice has come from a steel trader, Thyssen Handelsunion, which has estimated that prices for various types of steel will rise sharply in January and February. Moreover, the fears of the German steel industry that the European market would be flooded with cheap imports as soon as the quotas were imposed were "proving to be misplaced." The absence of a large flood of third country imports would almost certainly ensure that prices will steady themselves at a relatively high level.

Thyssen Edelstahl, Thyssen's special steels subsidiary, expects that the tendency to draw extensively on stocks will depress prices until about March. Company executives reckon that they will be able to raise prices by 6 to 7 per cent in April. Like most other companies, it is still unsure what exactly its quota will be, but it expects that about 93 per cent of its product pallette will be included in the EEC measures.

Partly in response to flagging demand—many special steels customers especially the motor industry, are deep in recession—and partly to bring itself into line with the lower output levels imposed by the commission, Thyssen Edelstahl has put some 3,000 of its workers on short-time working since October. In addition, as part of its long-term rationalisation programme, some 1,200 jobs will be cut in 1981.

The option of short-time working (even as in Thyssen Edelstahl's case, if it is only one eight-hour shift less a week) is being pursued by virtually all German steel companies. Altogether some 43,000 German steel workers will be on short time at the end of the year, that is about 15 per cent of the country's steel work force.

Some companies such as the State-owned Salzgitter have also been encouraging their workers to take a large part of their holidays in the pre-Christmas period and the early new year, rather than keep production going at a high level. According to the Iron and Steel Federation about 200,000 steel workers will be staying at home from about December 19 through to the new year.

Meanwhile, other companies are continuing to diversify out of crude steel, if in a fairly modest way, because of the tightness of funds and the growing reluctance of banks to commit themselves to expanding capacity of any kind. Thus Kloeckner has taken a 50 per cent stake in the Otto Hanesl company of Hanover, a specialist machinery concern with a turnover of about DM 40m, 75 per cent of which is export orientated.

Politicians from both the Government and Opposition benches are now supporting the steel industry in its basic conviction that the compulsory measures can only be a first step towards the re-establishment of a voluntary cartel and the ultimate restructuring of the European steel industry. What that means to German steel concerns is the end of "over-subsidised" competition from Britain, France and elsewhere.

The German industry is still not exactly free of subsidy if only because regional governments have a vested interest in maintaining reasonably high employment levels. Thus this week the management of Hoesch has been criticised by the Government of North Rhine Westphalia for deciding to suspend plans to build a new oxygen-cooled steel plant in Dortmund.

The state Government, which had been prepared to put up a subsidised loan — to save an estimated 6,000 jobs—was told by Hoesch that the production quotas had forced it to shelve its plans.

Even so, a surprisingly high number of steel companies are reporting good results for the year, though this usually refers to the 1979-80 business year ended September 30 which benefited from the strong demand of the early half.

Thyssen Handelsunion saw turnover rise by 3.5 per cent to DM 12.84bn ($6.62bn) and profits rise from DM 40.2m to DM 44m. Thyssen Edelstahl saw world sales rise by 10 per cent to DM 3bn, and profits rise from DM 81m to DM 109m. After tax, and transferring DM 15m to reserves, this leaves DM 36m. Salzgitter's group turnover rose by 16.7 per cent to DM 11bn.

Straits Trading raises offer for SBS

By Georgie Lee in Singapore

THE STRAITS Trading Company has announced improved terms for its takeover offer for the local finance company, Singapura Building Society (SBS).

It is now offering one new share in Straits Trading company for every four SBS shares held, instead of the previous offer of one new share for every five held. The latest offer is conditional on acceptances of not less than 50 per cent of the finance company's issued capital. The earlier offer was conditional on 90 per cent acceptances.

SBS has an issued capital of 25.5m shares of S$1 par each. Based on the last traded price of S$12.80 for Straits Trading shares, the offer values SBS shares at S$3.20 each, the same as the last traded price for SBS shares.

The other bid for SBS still in force is by See Hoy Chan (Singapore) which offered S$2.20 per share cash.

Morgan Grenfell Asia which has been appointed by SBS to advise its shareholders has already recommended against accepting See Hoy Chan's offer.

Ericsson finalises Datasaab takeover

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

L. M. ERICSSON, the telecommunications group, has finalised an agreement for a SKr 299m ($68m) takeover of Datasaab, the computer terminal company jointly owned by the Swedish State and Saab-Scania. Ericsson is paying Saab-Scania SKr 165m for its half of the Datasaab stock and is buying a further 40.5 per cent of the shares from the State for SKr 134m.

The remaining 9.5 per cent of the shares will be transferred to Teleinvest, a new subsidiary of Televerket, the Swedish State telecommunications Board. Ericsson and Televerket will sign a new co-operation agreement to complement their existing collaboration in Ellemtel.

Ericsson's takeover of Datasaab is part of the reorganisation of the Swedish electronics industry being conducted by private business in conjunction with the non-socialist Government. Earlier the Government had rejected an offer from Britain's ICL to buy Datasaab.

The company was formed in 1978 from the merger of Saab-Scania's computer operation and Stansaab, the computer company in which the State owned a half interest. Datasaab has since lost more than SKr 500m on its operations but has been gradually moving towards profit.

Its current sales are just over Skr 1bn a year. Its largest business is in bank terminals, where it has established a foothold on the U.S. market through collaboration with Citibank. It also produces office computers, a profitable visual data terminal for offices, and air traffic control systems.

Under the terms of the sale to Ericsson, both the government and Saab-Scania will pay to Datasaab in 1981 grants totalling Skr 107.5m, to which they had already committed themselves. In addition the government will pay a special development grant of Skr 50m.

Mr. Bjorn Svedberg, Ericsson's managing director, said the purchase of Datasaab would reinforce the group's position in the office equipment market.

Ford to buy Malaysian plant

By Our Singapore Correspondent

WEARNE BROTHERS, the leading motor trading company in Singapore and Malaysia, has agreed to sell its wholly-owned motor assembly plant in Malaysia to Ford Motor Company of Malaysia for 18.5m ringgit (US$8.45m). The sale will be effected by the transfer to Ford of the entire issued capital of Associated Motor Industries Malaysia Sendirian Berhad, the motor assembly company, amounting to 10m shares of one ringgit each. The agreement is subject to approval by the relevant authorities.

Chicago Bridge to buy ailing French engineer

BY OUR PARIS CORRESPONDENT

THE FRENCH authorities have given the go-ahead for Chicago Bridge and Iron of the U.S. to take over most of the assets of Constructions Metalliques de Provence (CMP), a troubled engineering group. However, approval is pegged to the condition that the U.S. group hands over a majority stake to French shareholders.

Chicago Bridge is reported to have agreed to pay FFr 160m ($36m) for CMP's commercial goodwill and three factories in northern France. The future of a fourth factory, at Arles in southern France, is being negotiated separately.

Under the agreement, 1,180 of CMP's 2,072 employees will be kept on under a new French-registered company to be set up by Chicago Bridge. French steel companies, which are suppliers to CMP, are considered the most likely candidates for the 51 per cent stake which the U.S. group has agreed to float off in order to keep CMP under French control.

Creditors' claims have been temporarily suspended against CMP, a quoted company with an important overseas offshoot which has run into difficulties, particularly in Iraq. Most of its construction sites in France and abroad will be taken over by the new company.

Several leading French engineering and construction companies are believed to have submitted proposals for taking over CMP, but these are thought to have been rejected because they entailed more drastic cutbacks in the group's workforce.

WORLD STOCK MARKETS

Early profit-taking on Wall St.

AFTER A firmer opening, Wall Street receded on profit-taking in fairly active trading to leave stocks easier-inclined on balance at mid-session.

The Dow Jones Industrial Average, up 5.58 at 10.30 am, was a net 0.42 off at 965.96 at 1 pm. The NYSE All Common Index was 26 cents down at $77.82 after improving to $78.37, while declines outpaced gains by a four-to-three ratio. Volume came to 26m shares, sharply exceeding last Friday's 11.23m, which was limited by holiday influences.

Analysts said investors were still uncertain about the outlook for interest rates, although most believe that rates are at or near their peak. Yesterday morning, Citibank announced a reduction in its Broker Loan Rate to 19½ per cent from 20½, and Morgan Guaranty cut its rate to 20 per cent. Changes in the Broker Loan Rate frequently precede changes in the Prime Rate.

The market's weaker tone may also reflect some year-end portfolio adjustments for tax purposes, analysts added, although most tax-selling is already believed to have taken place.

Strength in Defence issues provided some support for the market. Volume leader Boeing gained $1 to $43½, while also active General Dynamics put on 1½ to $40½. Lockheed firmed ¼ to $32¾ and United Technologies ½ to $59½.

Among Electronics issues, Litton rose ½ to $87 and Raytheon ½ to $108.

Drug and Health Care issues were also firm. Active Squibb added 1½ to $29½ and Bristol-Myers ½ to $48½. Schering-Plough gained ½ to $39½ and Johnson and Johnson ½ to $100½. On the Amex, Syntex rose ½ to $75½.

THE AMERICAN SE Market Value Index recorded a decline of 2.13 at 352.09 at 1 pm after turnover of 3.51m shares (1.81m).

Closing prices for North America were not available for this edition.

Canada

Markets in Canada were also in easier mood after fairly busy early dealings. The Toronto Composite Index slipped 6.1 to 2,270.4 at mid-day, while Golds lost 148.5 to 4,699.6 and Oils and Gas 49.0 to 4,439.7.

Among Gold stocks, Dome Mines fell C$4 to C$104, Camflo Mines 1½ to C$41½, Sigma Mines C$1 to $42 and Kerr Addison ½ to C$19.

In the Oils sector, Dome Petroleum shed 1½ to C$74, Gulf Canada 1½ to C$23½ and Imperial Oil "A" ½ to C$34½.

Germany

Bourse prices closed mixed after light trading geared mostly to year-end position squaring.

Stores provided some good rises. Kaufhof put on DM 3 to DM 179. Neckermann closed DM 0.20 up at DM 64.20, after having traded as high as DM 65 despite new rumours of a capital reduction. Parent company Karstadt rose DM 5.80 to DM 201.

Among Motors, BMW lost DM 2, but Mercedes gained DM 2.50 and Volkswagen DM 1.20. Elsewhere, Hapag Lloyd rose DM 3.50 and MAN DM 4, but Deutsche Bank declined DM 1.50.

Public Authority Loans registered gains ranging to 30 pfennigs. The Bundesbank sold a net DM 6.9m of paper, after sales of DM 4.9m last Tuesday.

Paris

Generally higher levels prevailed after quiet trading, helped by some last-minute buying of tax-deductable Monory shares.

Banks, Insurances, Rubbers, Constructions, Portfolios and Foods gained ground. Chemicals were mixed, Oils and Metals steady, while Electricals and Stores were easier sectors.

Michelin rose FFr 15 to FFr 892 and St. Gobain FFr 13.7 to FFr 138.8.

Australia

Markets continued to show a firming tendency in thin trading on returning from the Christmas holidays.

Ampol Exploration led the Oils sector, adding 40 cents at A$3.65, while Woodside rose 7 cents to A$3.17, Strata 20 cents to A$3.70, Santos 50 cents to A$15.00 and Bridge 14 cents to A$6.40; Hartogen put on 30 cents to A$7.30, Jervois A$1.00 to A$8.50, Beach 15 cents to A$2.70 and Magellan 20 cents to A$9.00.

Mining Houses of Australia, the Shale Oil explorer, climbed 60 cents to A$5.10, while among Uraniums, Pancontinental improved 25 cents to A$12.00 and ERA 12 cents to A$2.40.

Coal issue Utah put on 10 cents to A$3.70, while in the Metal Minings sector, Western Mining moved ahead 14 cents to A$5.90 and MIM 7 cents to A$4.72.

Building Materials groups discounted worries about interest rates to post some of the biggest gains in the Industrials sector. Pioneer Concrete were up 10 cents to A$2.45, Boral 20 cents to A$3.50 and Monier 10 cents to A$1.65.

Dunlop eased a cent to A$1.30, while take-over suitor North BH held unchanged at A$4.00.

Market leader BHP rose 15 cents to A$16.40 and CSR hardened 6 cents to A$7.26.

Hong Kong

Shares were inclined to lose ground yesterday in fairly quiet trading on profit-taking, the Hang Seng index receding 17.64 to 1,445.08.

There was little news to affect the market, although Citibank's decision to hold its U.S. Prime Rate at 21½ per cent indicated that the expected decline in interest rates may not yet have begun, dealers said.

Cheung Kong shed 75 cents to HK$31.75, and Jardine Matheson 70 cents to HK$26.10, while Hong Kong Land and Hong Kong Wharf declined 30 cents each to HK$22.80 and HK$8.75 respectively.

An isolated firm spot outside the leaders was Swire Properties which put on 20 cents to HK$13.90, boosted by news that Hong Kong's new underground railway is to pass through a major commercial development being built by the company.

Tokyo

The market was closed yesterday for the start of the long New Year holiday.

Stock prices put on another bright performance in Saturday's half-day session. The Nikkei-Dow Jones Average advanced 33.57 more to 7,116.28 and the Tokyo SE index 3.00 to 494.10.

Johannesburg

Gold shares declined as the Bullion price drifted lower. Trading was very quiet after the Christmas break with only small overseas and little local interest noted.

Mining Financials were mixed with a firmer bias. Johannesburg Consolidated gained R1 to R84.

Platinums tended to improve, while rises outscored falls in the Industrial sector by a two-to-one margin. Rennies put on 15 cents to R3.45.

Switzerland

Aided by foreign buying, shares mostly managed some improvement.

Credit Suisse put on 25 to SwFr 2,695, a new high for the year, while Ciba Geigy climbed 30 to SwFr 980.

Domestic Bonds fluctuated narrowly in thin trading, but Foreign Bonds strengthened on active demand.

Amsterdam

Stocks were mixed to higher with Royal Dutch gaining Fl 2.20 but KLM losing Fl 0.20 in Dutch Internationals.

In mainly stronger Banks, NMB advanced Fl 6.20 and WUB Fl 3.50.

Indices

NEW YORK —DOW JONES

	Dec. 26	Dec. 84	Dec. 23	Dec. 22	Dec. 19	Dec. 18	1980 High	1980 Low	Since C'mpil't'n High	Since C'mpil't'n Low
♦Industr'ls	968.38	963.05	958.28	958.70	947.20	930.20	1000.17 (20/11)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	63.93	64.04	63.62	63.47	61.67	60.96	76.61 (26/6)	60.96 (18/12)	—	—
Transport..	308.02	396.76	386.65	308.52	302.03	390.07	425.68 (28/11)	233.69 (27/3)	425.68 (28/11/80)	12.232 (8/7/32)
Utilities	116.70	118.87	117.30	117.30	115.70	116.01	117.34 (18/11)	95.04 (27/3)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	16,130	98,490	65,260	52,120	51,040	68,570	—	—	—	—

♦Day's high 968.37 low 958.45

Ind. div. yield %	Dec. 19	Dec. 12	Dec. 6	Year ago (approx)
	6.82	5.95	6.70	6.03

STANDARD AND POORS

	Dec. 26	Dec. 24	Dec. 83	Dec. 22	Dec. 19	Dec. 18	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	155.82	154.48	150.69	154.21	151.83	151.20	160.98 (28/11)	111.00 (27/3)	160.96 (28/11/80)	3.62 (30/6/32)
‡Composite	136.57	135.88	136.30	135.78	133.70	133.00	140.52 (28/11)	98.22 (13/3)	140.52 (28/11/80)	4.40 (1/6/32)

	Dec. 24	Dec. 17	Dec. 10	Year ago (approx)
Ind. div. yield %	4.36	4.46	4.61	5.27
Ind. P/E Ratio	10.46	9.39	9.05	7.67
Long Gov. Bond Yield	11.75	12.57	12.68	10.17

N.Y.S.E. ALL COMMON

Dec. 26	Dec. 84	Dec. 23	Dec. 22	1980 High	1980 Low
78.28	77.95	77.64	77.94	81.03 (28/11)	55.30 (22/4)

Rises and Falls	Dec. 26	Dec. 24	Dec. 23
Issues Traded	1,873	1,964	2,006
Rises	840	938	991
Falls	595	641	683
Unchanged	438	386	332
New Highs	—	—	67
New Lows	—	—	11

MONTREAL

	Dec. 34	Dec. 23	Dec. 22	Dec. 19	1980 High	1980 Low
Industrials	371.74	370.59	367.41	356.88	428.80 (28/2)	325.61 (27/3)
Combined	352.88	351.94	349.59	347.07	378.95 (28/10)	296.90 (27/3)
TORONTO Composite	2276.5	2282.1	2264.5	2245.7	2402.2 (28/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Boeing	326,600	42½	[illegible]	Gen. Dynamics	203,300	39½	[illegible]
Kellogg	228,100	18½	[illegible]	Amer. Cyanamid	194,300	33½	[illegible]
Braniff Ind.	225,200	4½	—	Sears Roebuck	192,600	15⅞	[illegible]
Pepsico	211,900	26	—	Caesars	179,300	14⅞	[illegible]
LTV	209,400	19½	[illegible]	Chrysler	171,600	4¼	[illegible]

	Dec. 88	Dec. 26	Dec. 84	Dec. 23	192D High	192D Low
AUSTRALIA						
Sydney All Ord. (1980/68)	(u)	(c)	—	992.17	1044.07 (18/11)	760.00 (2/1)
Metal & Minls. (1980/33)	(u)	(c)	—	6080.65	7025.62 (20/10)	4561.28 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	66.75	(c)	66.65	66.55	69.40 (7/7)	65.59 (15/8)
BELGIUM						
Belgian SE (31/12/63)	84.38	(c)	84.30	84.25	105.75 (11/2)	82.62 (11/12)
DENMARK						
Copenhagen SE (1/1/73)	95.76	(c)	95.87	95.87	98.35 (4/11)	74.78 (5/3)
FRANCE						
CAC General (29/12/61)	114.0	(u)	112.60	112.2	120.3 (6/11)	97.1 (3/1)
Ind Tendance (28/12/70)	113.4	(u)	112.70	111.7	121.5 (5/11)	95.6 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	220.52	(c)	220.62	220.62	238.89 (25/2)	212.75 (28/3)
Commerzbank (Dec. 1953)	683.7	(c)	682.90	682.6	749.2 (25/2)	667.0 (27/3)
HOLLAND						
ANP-CBS General (1970)	85.5	(c)	85.6	85.8	89.3 (21/11)	74.0 (27/3)
ANP-CBS Indust. (1970)	61.5	(c)	61.4	61.6	63.2 (11/1)	58.2 (28/5)
HONG KONG						
Hang Seng Bank (31/7/64)	1445.08	(c)	1462.72	1446.19	1654.57 (13/11)	738.9 (19/3)
ITALY						
Banca Comm. Ital (1972)	170.20	(c)	187.24	167.24	188.78 (4/11)	86.11 (2/1)
JAPAN						
Dow Average (16/5/49)	(c)	7063.13	7042.00	7023.57	7150.20 (6/11)	6475.93 (27/3)
Tokyo New SE (4/1/68)	(c)	491.10	489.07	487.30	497.96 (20/10)	443.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	118.19	(c)	118.55	118.55	144.70 (14/2)	110.12 (26/3)
SINGAPORE						
Straits Times (1966)	684.18	665.90	661.61	(c)	721.70 (21/11)	429.75 (5/1)
SOUTH AFRICA						
Gold (1958)	(u)	(c)	—	824.5	1029.7 (22/9)	496.5 (19/3)
Industrial (1958)	(u)	(c)	—	590.7	660.5 (5/11)	456.0 (2/1)
SPAIN						
Madrid SE (28/12/75)	(c)	(c)	104.00	104.98	111.17 (16/9)	95.76 (13/5)
SWEDEN						
Jacobson & P. (1/1/58)	418.66	(c)	414.17	414.17	418.66 (28/12)	334.72 (17/1)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	298.6	(c)	297.20	296.1	317.5 (11/2)	275.5 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	—	—	—	184.8 (20/11)	120.5 (27/3)

Base values of all Indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

COMMODITIES AND AGRICULTURE

Problems for Ghana cocoa crop

ABIDJAN, IVORY COAST—More than 1,200 tonnes of Ghana maincrop cocoa are locked up in Cocoa Marketing Board (CMB) sheds at Tepa, Ashanti region, following the collapse of a bridge over the Abuboni river, according to an Accra radio report monitored here.

The region's farmers' association said as a result farmers in the area had not begun harvesting cocoa because of lack of storage facilities.

Since the bridge collapsed four months ago, all attempts to get it repaired had failed, the Association said.

In Tokyo the Japanese Chocolate and Cocoa Association said Japanese cocoa grindings rose by 35.7 per cent to 6,820 tonnes in the July-September quarter of this year from 5,027 tonnes in the previous quarter and were up 12.3 per cent from 6,073 tonnes ground in the third quarter last year.

The association said the sharp July - September rise reflected a fall in world market prices of cocoa beans and increased Japanese chocolate production. Reuter

Loan for palm oil plant

JAKARTA — The Asian Development Bank has approved a $28m loan to Indonesia for a palm oil processing and smallholder development project near Medan in Sumatra.

The project will assist Indonesia in maintaining a high degree of self-sufficiency in edible oils, in view of an expected shortage due to increase in demand and decreasing productivity of coconut plantations.

The project provides for construction of a palm oil extraction mill at Padang Brahrang with a capacity of 35 tons of fresh fruit bunches per hour, a palm oil refinery at Sawit Sebarang with a capacity of 200 tons a day, provision of overseas training in related fields and consultant services for project implementation, monitoring and studies.

Mining office

MALAYSIA Mining Corporation, the biggest tin mining company in Malaysia, has set up its own office in London to market its tin following the expiry of its marketing agreement with Anglo Chemical, part of the Anglo American group.

Oil companies set to increase copper interests

BY ROY HODSON

NEARLY 10 per cent of the world's copper mining is now owned by oil companies either directly or indirectly, a new survey shows, and these companies are expected to make further substantial investments in copper and other minerals in 1981.

The copper capacity held by oil interests amounts now to almost 750,000 annual tonnes compared with the overall world copper capacity of some 8m annual tonnes. So far the oil industry's stake in copper mining is concentrated heavily in the U.S. and is held mainly by U.S. oil companies together with BP and Royal Dutch Shell.

The extent of the oil industry's move into copper is revealed in a new survey by Copper Studies of New York which is associated with the Commodities Research Unit.

The U.S. oil companies are said to have a beneficial interest in 520,000 annual tonnes of copper capacity which is 30 per cent of the U.S. total capacity. Outside the U.S., oil companies are believed to hold interests in 136,000 annual tonnes of copper capacity.

Oil companies began to invest seriously in copper production in the late 1960s as part of their diversification programmes away from dependence upon OPEC oil reserves. Since then copper, coal, and uranium, have been three prime energy-related investment areas for the oil companies.

The survey lists the largest acquisitions by oil companies of copper interests in the last seven years as: a stake in Amax by Socal in 1974; Anaconda by Arco in 1977; Copper Range by Louisiana Land in 1977; Disputada Chile by Exxon in 1978; Granduc of Canada by Exxon in 1979; Cyprus by Amoco in 1979; and Selection Trust by BP this year.

Arco is now the oil company with the biggest interest in copper with a production capability of 238,000 tonnes a year. Pennzoil is next with 126,000 tonnes a year.

Copper Studies expects the oil company's stake in copper to grow rapidly outside the U.S. during the 1980s. Exxon's ventures in Chile and elsewhere are expected to increase its copper production holdings to around 300,000 tonnes a year by the end of the decade. BP is seen as well placed to increase its present small stake in the copper industry by exploitation of the Olympic Dam deposit in Australia.

Tin prices should continue at current levels in the next six months with excess supply counteracted by some buffer stock purchases according to the Commodities Research Unit. The report points out that if this occurs it will be the first time since 1975 that the buffer stock manager has been a net buyer in the market.

In Jakarta Mr. Subroto, the Indonesian mines and energy minister, has appealed to producers and consumers to accept the latest proposals for a tin buffer stock. He was commenting on the failure of the last round of talks at the United Nations tin conference in Geneva earlier this month. Mr. Subroto appealed to consumer countries to accept a buffer stock proposal for a minimum of 30,000 tonnes as well as financing proposals based on the floor price.

The Commodities Research Unit considers that tin prices could harden to around £7,000 a tonne in the last few months.

Movements of stocks in and out of the London Metal Exchange warehouses were quiet last week. Copper stocks were down 75 tonnes to 122,600; tin was up 645 to 5,570 tonnes, lead was up 25 to 73,425 tonnes, zinc was up 200 to 83,700 tonnes, aluminium was down 975 to 67,950 tonnes, nickel was up 108 to 4,554 tonnes, and silver was up 430,000 ounces to 26,850,000 ounces.

Australia wheat crop estimate up

MELBOURNE — The Australian Wheat Board has raised its estimate of expected receipts from the drought-affected 1980-1981 wheat crop to 9.8m tonnes from 9.5m previously.

In its "Wheat Market Notes" newsletter, published yesterday, the Board said the higher figure reflected late rains in southern New South Wales which boosted crops and better than anticipated yields in Western Australia.

Its receipts from the 1979-80 crop totalled about 15.25m tonnes.

In Peking, meanwhile, the New China news agency said China's 1980 grain harvest would be 10m to 22m tonnes less than last year's record crop of 332.1m tonnes because of bad weather. But the total would still be the second highest for 30 years.

Quoting the ministry of agriculture, the agency said the total would be between 10m and 15m tonnes less than the 1979 figure but between 5m and 10m tonnes above the 1978 yield of 304.75m tonnes.

The two apparently conflicting comparisons put the final figure anywhere between 309.75m and 322.2m tonnes.

Foreign agricultural experts said it appeared the authorities were unwilling to be precise because in previous years they had to revise initial figures which had later turned out to be incorrect. They estimated a final figure of between 10m and 15m tonnes down on last year.

The agency said there had been waterlogging around the lower Yangtse valley, low temperatures and wet weather in South China and drought in the north.

Reuter

China seeks Thai rice

BANGKOK — China is negotiating with the Thai Government for an additional 50,000 tonnes of glutinous rice following its earlier purchase of 50,000 tonnes, a senior foreign trade department official said here.

Senegal yesterday signed a contract to import 200,000 tonnes of AAA One Super Broken grade rice from Thailand worth over $50m.

Last year Senegal bought about 200,000 tonnes of rice from China through the private sector.

The Soviet Union has, meanwhile, agreed to buy 230,000 to 240,000 tonnes of rice, 400,000 to 500,000 tonnes of maize, 500,000 tonnes of tapioca and 50,000 tonnes of fluorite from Thailand in 1981, Commerce Minister Tamchai Khampato said.

More cheap EEC beef for USSR

THE EEC Commission will resume subsidising beef sales to the Soviet Union on January 1, and will continue to grant such rebates until shipments reach the "normal" annual volume, the intervention board in Reading said yesterday.

The Commission ceased subsidising beef sales to the Soviet Union last June when the total for 1980 reached the 1979 level of 60,000 tonnes.

This was in line with an EEC undertaking not to exceed traditional trade patterns with the Soviet Union in various food products, because of the Soviet military involvement in Afghanistan.

Reuter

Better climate for EEC farm policy changes

BONN — Conditions for necessary changes in EEC agricultural policies will be more favourable in 1981 than in previous years, according to West German Agriculture Minister Josef Ertl.

In an interview appearing in today's agriculture paper "Ernaehrungsdienst," Herr Ertl says the EEC's tight budgetary situation will force through a completely changed farm price package in future.

Coming price discussions will only provide results when each member country has made some savings, he said. This pressure will lead to corrections which will contribute to balancing supply and demand again on the agriculture markets.

Reuter

Japanese cotton imports up

WASHINGTON — Japan's cotton imports in the 1981-82 season (August/July) are forecast to increase to 740,000 tonnes from 680,000 estimated for the current season, according to the U.S. Agriculture Department.

The forecast assumes real economic growth of 5 per cent and a rebound in domestic demand from this year's level.

Consumption in the 1981-82 year is forecast at 725,000 tonnes, compared with 685,000 this season which was down from 734,000 tonnes in the 1979-80 year.

Reuter

NEW ZEALAND WOOL

New Year hopes of a buoyant market

BY DAI HAYWARD IN WELLINGTON

JAPAN and western European wool buying countries are expected to be more active in the New Zealand wool auctions over the first few months of 1981. This should stimulate the market sufficiently to consolidate NZ wool prices at least at the level reached in December, and could even have a firming effect by pushing the average price for the season up a few more cents.

In 1981 New Zealand will be trying to quit the balance of a record wool clip—expected to reach 375,000 tonnes. This is 20,000 tonnes more than last season's production. There has been a sharp increase in wool production for each of the past four years with the total clip up almost 24 per cent from the 300,000 tonnes produced only four years ago.

Although a lot of the finer wools were sold at auctions over the last four months of 1980, there is expected to be an increased demand for the coarser wools coming on the auction floor from January onwards and for the fine wool still held in store.

Prices over the closing sales of 1980 were below those for the corresponding sales a year earlier but many large wool-buying countries, particularly Japan and Western Europe, have bought much less wool than in previous years.

Wool economists believe these countries will have to start buying much more heavily at the 1981 sales. Their wool manufacturing industries have been living on something of a hand-to-mouth basis and using up their own stocks in preference to buying in new season's wool. In the last weeks of December there was a quickening of interest from Japan and it could be that Japanese users have reached the bottom of their reserve stocks.

The International Wool Secretariat plans to put more effort into promoting coarser wools and this should help New Zealand, not only in 1981 but also over a much longer term. New Zealand's wool clip is increasing—and looks likely to go on increasing—at a time when production in other wool producing countries such as Australia is declining.

The New Zealand Wool Board is confident the market only needs a small stimulus from increased competition to produce a significant improved effect on New Zealand wool prices. These remained remarkably consistent over the last four months of 1980 with very little variation from the opening price of the season at Napier in August of 249 cents to the average at the end of the year of 254 cents per kilo. The 254 cents average at the end of the year was 7 cents a kilo down on the previous year.

It was, however, a relatively quiet sales season and there are good grounds for the optimism that the tempo of buying and prices will be quickening as the 1981 auction sales get under way.

This is in line with its activities over the past four months. Up till the end of November the board had made bids on more than 35 per cent of the wool put up for auction. It has however bought only 9.7 per cent. In the previous year the board has bid on only 8 per cent and had bought only 1.89 per cent.

Over the last sales of the year it was able to sell several thousand bales of wool bought earlier. At the end of last season the Wool Board had a stockpile of 114,000 bales. It will start 1981 with a stockpile of about 150,000 bales.

The importance of the Board's intervention in maintaining prices is shown by its activities at just one sale—in Christchurch on October 31. The board bid on 12,000 bales—more than 5 per cent of the total offering—but bought only 3,115 bales—12.61 per cent. This support for the market will be continued in 1981 if the board feels it is necessary, but it is quietly confident that much more active buying market will operate during the coming months as many countries including the UK increase their bidding buying.

The mainstay of NZ sales over the past four months has been the Soviet Union and China. The Soviet Union has become a very significant buyer of NZ wool and it is certain to be among the top customers when the 1981 export figures are published.

USSR and Eastern Europe now use one third of the total world wool supply. In 1979 almost half of this was imported, and NZ is benefitting from this.

Iran is also playing a prominent role in the NZ wool scene. NZ wool exporters expect to sell a lot more wool to Iran in 1981.

There have been shipping problems because of the astronomical increases in insurance cover demanded for ships carrying wool into what is regarded as a war zone. One shipment was called off when the shipping line demanded an insurance premium of $½m for the voyage.

About 100,000 bales of NZ wool are destined for Iran and to reach the customer New Zealand has shipped much of this to Russia and then transported it via the Trans Siberian Railway to get to the Iran buyer.

Australian wool forecast

MELBOURNE—Australian wool prices are unlikely to drop below current levels in the second half of the 1980-81 wool selling season, according to the chairman of the Australian Wool Corporation (AWC).

Mr. David Asimus said the first half finished strongly and continued strong demand coupled with a smaller wool supply is seen keeping prices buoyant in the second half.

The AWC whole clip indicator price ended the first half at 410 cents a kilo (clean).

While this price is above the start of season levels of 396 and 398, it was 4c down on the level seen at the end of the penultimate week of the first half and 6c below the season's peak.

Market traders have said they feel the outlook for the second half is unsettled and that it is difficult to say whether this falling trend will continue in the next six months.

Mr. Asimus said strong buying is expected in coming weeks because Japan has fallen behind in its buying programme at a time when Japanese retail demand is strong.

Australian wool sales restart in the week beginning January 12.

Reuter

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Weaker on the London Metal Exchange in line with the declines in precious metals. After opening at £829, forward metal moved steadily higher during the morning to a high for the day of £833. The long-awaited fall in Comex prices materialised in the afternoon, taking the price to a low of £816, before a late rally left the close on the Kerb at £820. Turnover: 24,675 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	812.5-3	+7	787-9	-7.75
3 months	838.5-3	+6.25	818-.5	-8.25
Settlem't	815	+7	—	
Cathodes				
Cash	790-1	+4	776-8	-3.5
3 months	815.5-4	+7.25	789-90	-7
Settlem't	791	+4	—	......
U.S. Prod	—		*82-91.25	......

Amalgamated Metal trading reported that in the morning copper cash wirebars traded at £812.5. Three months £831, 32, 33, 32.5, 33. Cathodes: Three months £813. Kerb: Wirebars, three months £832.5, 33, 32.5, 32. Afternoon: Wirebars, three months £827, 28, 27, 26.5, 18, 18, 18, 17, 18, 17.5, 18.5. Kerb: Wirebars, three months £820.5, 21, 21.5, 22, 21.5, 21.

TIN—Lost ground in quiet trading, with the weakness in sterling compensating for the depressing effect of the rise in stocks. After opening lower at £6,330, forward metal declined to £6,310 before rallying to £6,325. Further selling pressure set in, and the contango narrowed to £90, widening again to £115 during the afternoon. The close on the late Kerb was £6,325. Turnover: 1,180 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6285-30	-7.5	6140-210	-55
3 months	6318-5	-40	6313-5	-39
Settlem't	6230	-10	—	.....
Standard	6240	......		
Cash	6285-30	-7.5	6120-210	-55
3 months	6313-5	-40	6313-5	-39.5
Settlem't	6230	-10	—	.....
Straits E.	‡$1087	-5	—	......
New York	—	......		

Morning: Standard, cash £6,210, 20, 30, three months £6,330, 30, 10, 20, 15, 12, 15. Kerb: Standard, three months £6,325. Afternoon: Standard, three months £6,320, 15.

LEAD—Steady in quiet conditions. Forward metal remained at £325 after a fall from its opening level of £328, and closed on the late Kerb at £324. Turnover: 5,625 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	313.5-4	+1	313-4	+.75
3 months	385-.5	+1	324-5	+.25
S'ment	314	+1	—	......
U.S. Spot	—	......	*39-43	......

Morning: Cash £314, three months £327, 26, 25, 25.5. Kerb: Three months £326. Afternoon: Three months £325.5, 26, 25.5, 25, 25.5, 25.25, 25. Kerb: Three months £324.5.

ZINC—Moved ahead slightly. After opening at £337, forward metal touched £339 briefly before closing on the Kerb at £338. Turnover: 5,000 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	385.5-6	+.20	324-.5	-.5
3 months	538-.5	+.75	337-8	......
S'ment	526	......	—	......
Primw'ts	—	......	*41.5	......

Morning: Cash £325.5. Three months £337.5, 37, 37.5, 38. Kerb: Afternoon: Three months £338.5, 38, 37. Kerb: Three months £338.

ALUMINIUM—A little weaker, with three months material finally quoted on the late Kerb at £633. Turnover: 4,075 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	618-.80	+4	613-4	-1.8
3 months	632.5-40	+0.25	634-5	-8

Morning: Three months £640, 39, 40. Afternoon: Three months £638, 37, 36, 35, 34. Kerb: Three months £633.

NICKEL—Little changed in very quiet trading, with forward metal closing at £2,707. Turnover: 72 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	8710-20	-45	8620-710	-60
3 months	8700-20	......	8700-10	-5

Untraded morning and afternoon.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

CORAL INDEX: Close 469-474 (+5)

OIL INDEX

Oil Futures
Refined March '81 $43.4
Crude April '83 $42.50

SILVER

Silver was fixed 6.65p an ounce lower for spot delivery in the London bullion market yesterday at 687.5p. U.S. equivalents of the fixing levels were: spot $16.208, down 29.2c; three-month $16.887, down 25.1c; six-month $17.517, down 14.5c; and 12-month $18.707, down 3.6c. The metal opened at 688p-697p ($16.35-$16.55) and closed at 668p-677p ($15.80-$16.00).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	687.60p	-3.65	676.5p	-16.5
3 months	713.0p	-4.65	701.0p	-14.5
6 months	753.40p	-1.0	—	......
12 months	783.20p	-6.9	—	......

LME—Turnover 89 (120) lots of 10,000 ozs. Morning: Three months 710, 08. Kerb: Three months 706, 08, 09. Afternoon: Three months 696, 95, 94, 99, 98, 99, 98.5, 99. Kerb: Untraded.

WOOL FUTURES

BRADFORD WOOL—With production widely at a halt for holidays, activity was negligible. Business was quiet before the Christmas break and spasmodic enquiry was said to have been made at low prices.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales) New Zealand cents per kilo. Dec 360, 370, nil, nil. Jan. 348, 356, 355, 3; March 367, 362, 358, 3; May 358, 363, 359-358, 7; August 370, 376, 372-371, 4; Oct. 372, 377, nil, nil; Dec. 376, 380, nil, nil; Jan. 378, 383, nil, nil; March 382, 387, nil, nil; May 384, 389, nil, nil. Sales: 17.

SYDNEY GREASY WOOL—Close: (in order buyer, seller, business, sales). Australian cents per pound. March 476.0, 476.5, 476.0-476.0, 4; May 491.5, 491.7, 492.0-490.0, 28; July 507.0, 508.0, 508.9-506.0, 28; Oct. 507.5, 507.5, 508.0-506.0, 23; Dec. 510.0, 511.5, 511.0-510.0, 11; March 515.0, 518.0, untraded; May 515.0, 525.0, untraded. Sales: 94.

COCOA

Cocoa futures continued to remain steady and trade within a narrow range in thin conditions for prices to close with modest gains. In spite of the recent rally, producers remained withdrawn and consumers also showed no interest for actuals other than some light price-fixing, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Dec.	865-885	+1.5	875
March	909-910	+6.0	913-904
May	933-934	+8.0	934-925
July	954-956	+11.0	956-944
Sept.	971-973	+10.5	972-964
Dec.	999-1000	+11.5	999-990
March	1020-25	+7.5	1019-16

Sales: 2,660 (1,070) lots of 10 tonnes.

ICO Futures: Daily price for December 24: 97.53 (96.72); 10-day average 95.16 (94.90); 15-day average 95.15 (95.12).

COFFEE

As expected London opened £5-£10 higher, reports Drexel Burnham Lambert. No fresh features emerged from a quiet session but early gains were maintained in light volume. The steadier tendency reflected weaker currency factors and further dealer short covering.

COFFEE	yesterdays Close	+ or —	Business Done
	£ per tonne		
January	1015-16	+5.0	1024-16
March	1042-45	+8.5	1047-40
May	1049-51	+9.0	1055-48
July	1059-61	+15.5	1065-56
Sept	1061-68	+10.0	1067-60
Nov.	1065-66	+12.0	1067
Jan	1060-80	+18.5	—

Sales: 2,417 (438) lots of 5 tonnes.

ICO Indicator prices for December 24: (U.S. cents per pound). Other Mild Arabicas 127.00 (123.67). Robustas ICA 1976 120.25. ICA 1968 120.50 (same). Unwashed Arabicas 215.00 (same). Comp. daily ICA 1968 154.67 (154.11).

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged on wheat and barley. Trade was very thin, values easing slightly in a generally featureless market to close unchanged to 15p lower on wheat and 5p-10p lower on barley. New crops did not trade, reports Acli.

M'nth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Jan.	106.90	-0.10	94.70	-0.10
Mar.	107.05	..	98.70	-0.10
May	111.10	-0.15	102.70	-0.05
July	115.30	-0.10	—	...
Sept.	100.90	......	96.86	-0.10
Nov.	104.85	......	100.10	-0.10

Business done—Wheat: Jan 103.00-102.90, March 107.05-107.05, May 111.10-111.10, July, Sept., Nov no trade. Sales 15 lots of 100 tonnes. Barley: Jan. 94.75-94.65, March 98.80-98.65, May 102.70-102.65, July no trade, Sept. 96.15-96.15, Nov. no trade. Sales 88 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Feb. 110.50, March 111 transhipment East Coast sellers: U.S. Hard Winter 13½ per cent Feb. 106.25, March 107 transhipment East Coast sellers: English feed fob April-June 115.50 East Coast sellers. Maize: South African Yellow Jan.-Feb. 92.00 sellers. Barley: English Feed fob April-June 107.00 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices: Feed barley: E. Midlands 95.00, N. East 96.00, Scotland 92.00. The UK Monetary Coefficient for the week beginning Monday, January 5 is expected to remain unchanged.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 15 tonnes. Minor purchases were recorded, the amount of business done being severely restricted. Interest was again shown in certain African qualities as well as those grown in the Middle East.

RUBBER

The London physical market opened unchanged with little interest throughout the day, closing on a quiet note. Lewis and Peat reported a fob January price for No. 1 RSS in Kuala Lumpur of 303.5 (same) cents a kilogramme and SMR 20 at 257 (same) cents.

No. 1 R.S.S.	Yest'day close	Previous Close	Business Done
Feb	56.50-56.80	58.40-58.50	58.80-59.00
Mar.	60.40-61.60	61.20-61.50	61.60-60.80
Apr-Jne	65.50-66.00	65.80-65.90	64.10-65.40
Jly-Sept	66.80-67.00	67.10-67.20	67.40-67.00
Oct-Dec	70.00-70.10	70.50-70.40	70.50-69.80
Jan-Mar	73.10-73.20	73.40-73.60	73.50-73.00
Apl-Jne	76.20-76.50	76.50-76.80	—
Jly-Sept	79.20-79.40	79.50-80.00	—
Oct-Dec	82.40-82.50	82.60-82.70	82.40

Sales: 77 (44) at 15 tonnes, 7 at 5 tonnes. Physical closing prices (buyer) were: Spot 57.25p (57.00p); Feb. 62.00p (same), March 62.75p (same).

SOYABEAN MEAL

London opened around £1 easier, reports T. G. Roddick. Continued long liquidation on a very thin market caused prices to ease further at one stage £3.50 lower, before rallying a little to close around £3 lower.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
February	128.10-28.5	-3.90	130.00-28.00
April	134.00-34.5	-5.25	135.80-34.00
June	138.00-38.8	-3.10	—
August	138.50-39.0	-3.75	140.00-39.50
October	129.10-29.5	-1.50	—
December	120.00-30.0	-1.75	—
February	129.00-32.0	-2.00	—

Sales: 55 (45) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £305.00 (£307.00) a tonne cif for Dec.-Jan.-Feb. shipments. White sugar daily price was £327.00 (£332.00).

The market opened some £5 below pre-holiday levels in line with the decline which occurred in New York on Christmas Eve after London had closed. Thereafter prices moved higher but the gains were not held. Later overseas quotations eased and the market closed at the lows some £5 below first traded levels, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous close	Business Done
	£ per tonne		
Jan	304.80	315.50-19.50	316.00
Mch	308.00-09.20	320.00-22.50	317.00-08.00
May	305.25-06.40	318.75-19.00	313.00-05.00
Aug	294.75-95.00	305.00-08.00	302.00-293.0
Oct	278.50-79.00	289.00-91.00	286.00-77.00
Jan	266.00-67.00	265.00-68.00	259.00-57.00
March	252.00-52.50	265.00-66.00	257.00-52.00

Sales: 4,928 (1,004) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £393.50 (£395.50) for export.

International Sugar Agreement (U.S. cents per pound, fob and stowed Caribbean port). Prices for Dec. 24: unavailable ex-source.

POTATOES

LONDON POTATO FUTURES—The market was quiet in the wake of the Christmas break, with prices easing slightly, reports Coley and Harper. Closing prices: Feb. 55.00 -20 (high 55.10, low 55.00); April 69.70 -40 (high 70.10, low 69.90); Nov. 52.30 -10 (52.40). Turnover: 23 (8) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 68.0 to 71.8. Eire hind quarters 86.0 to 90.0, fore quarters 46.0 to 49.0. Veal: Dutch hinds and ends 98.0 to 101.5. Lamb: English small 64.0 to 75.0, medium 66.0 to 75.0, heavy 65.0 to 71.0. Imported frozen—New Zealand pl 50.0 to 52.0, pm 46.5 to 47.0. Pork: English, under 100 lb 43.0 to 50.0, 100-120 lb 42.0 to 49.0, 120-160 lb 38.8 to 46.5.

MEAT COMMISSION — Average fatstock prices at representative markets on December 29. GB cattle 82.67p per kg lw (-1.52); UK sheep 156.17p per kg est dcw (+5.41); GB pigs 69.01p per kg lw (-1.52).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navelinas 48/54/60 4.60-5.00, 70 3.80, 80 3.40-3.60, 50 3.50-3.60, 100/110 3.70-3.90, 120/150 4.00. Moroccan: 56/64 4.20-4.50, 75 3.40, 88 3.30, 100/113 3.20; Jaffa: Navels 50/168 4.20-5.00: Egyptian: Baladi 88/125 2.60. Lemons—Spania: Trays 25/54 2.20-2.60; Cypriot: 10 kg 4.00-4.80; Greek: 2.40-2.60; Italian: 100/120 4.50-5.00; S. African: 135/195 3.50-6.00. Grapefruit—Cypriot: 36/42/48/54 3.00-3.30, 20 kg 40/64 3.50-4.50; Jaffa: 20 kg 36 4.45, 40 4.50, 48 4.65, 56 4.20, 64 3.75, 75 3.55. Satsumas—Spania: 210/195/189 2.40, 169 2.60, 144 2.60-2.70, 105 3.00, 88 3.00, 126 2.70, 154 2.60. Clementines—Moroccan: 8's 2.90, 5's 3.10, 4's 3.20, 3's 3.40, 2's 3.60, 1's 3.80. Apples—French: Starkcrimson 40 lb 4.00-4.80, 72 2.30, 94 2.00, Golden Delicious 20 lb 72 2.00-2.20, 94 1.60-1.80, 40 lb 125/175 4.00-5.00, Granny Smith 20 lb 72 2.50-2.70, 94 1.90-2.00, large boxes 3.40-4.80; Hungarian: Starking 44 lb 5.50; Canadian: McIntosh Reds approx. 20 lb 70/100 2.40-2.80, Spartans 2.20, Red Delicious 135/150 6.50-7.00; U.S.: 7.00-8.00. Pears—Italian: Per pound Williams 0.14-0.18, Passacrassana 0.14; Dutch: Conference 0.14; French: Comice 0.14-0.16. Peaches—S. African: 25's 3.00. Plums—S. African: Santa Rosa per pound 0.70. Apricots—S. African: Per pound 0.70. Grapes—Spanish: Almeria 2.00, Polylined 2.30-2.80, Napoleon 3.00-3.30; Californian: Red Emperor per pound 0.43. Strawberries: New Zealand: 8 oz per punnet 1.20. Pineapples—Ivory Coast: Each 0.50-1.00. Bananas—Colombian: Per pound 0.19. Melons—Spanish: Green 7/11 5.00-8.00. Avocados—Canary: 7.00; Israeli: 5.50; Florida: 14/20 8.00. Pawpaws—Kenyan: 4.00. Mangoes—Kenyan: 4.50. Tomatoes—Spanish: 5.00-8.00; Canary: 6.00-8.50. Onions—Spanish: 5.00; Dutch: 2.80. Potatoes—Italian: New crop 20 lb 3.20; Canary: Per pound 0.16. Cabbages—Dutch: White 3.00. Cauliflowers—French: 24's 6.50; Jersey: 24's 7.00. Cucumbers—Canary: 10/16 3.40-3.60; Spanish: 3.00-3.50. Capsicums—Israeli: 13 lb 3.60; Canary: 3.00-3.60. Red Capsicums—Canary: 4.50. Chicory—Belgian: Per box 2.40. Celery—Spanish: 9's 2.30, 18/36's 4.50-5.00; Israeli: Carmel 20's 5.00. Figs—Smyrna: Per ½ pound packet 48's 8.60. Dates—Algerian: Per packet 0.52-0.56; Iraqi: Slab dates ½ pound 48's 9.60; Californian: 80 oz tub dates 0.45. Chestnuts—Spanish: 3.30-4.40; Italian: 5 kg 3.00-5.00. Nuts—Brazils: Per pound large washed 0.14-0.16, medium 0.14; Walnuts: Chinese 30 mm 55 lb, per pound 0.25; Almonds: Large hard 0.38, Ibiza 0.43; Pecan Nuts: 0.63; Filberts: Sicilian 19 mm 0.45; Mixed Nuts: 0.28, Peanuts: Per 28 lb 10.50.

English Produce: Potatoes—Per bag 1.40-2.10. Mushrooms—Per pound 0.30-0.40. Apples—Per pound Bramleys 0.05-0.10, Spartans 0.06-0.12, Worcester Pearmain 0.05-0.08, Cox's Orange Pippins 0.09-0.14, Russets 0.08-0.09, Starking 0.08-0.10, Laxtons 0.06-0.09. Pears—Per pound Conference 0.10-0.14, Comice 0.13-0.16. Cabbages—Per bag 1.30. White cabbages 2.50. Cauliflowers—Per 12, Kent 3.50, Lincoln 3.00. Beetroots—Per bag 1.40. Lettuce—Per 12 round 2.80-3.00. Sprouts—Per pound 0.07-0.10. Carrots—Per 28 lb 1.40-1.80. Onions—Per bag 2.80-3.00. Celery—Per pack 20/30 4.00, naked 16/18 1.40-1.50. Swedes—Per 28 lb

PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 29 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1430/1470	......	$1470/500
Copper			
Cash w'bar	£798	-7.75	£846.25
3 mths	£818.25	-8.75	£810.25
Cash Cathode	£777	-9.5	£824
3 mths	£799.5	-7	£850
Gold troy oz	$592.5	-12	$633.5
Lead Cash	£315.5	-0.75	£328.875
3 mths	£324.5	+0.25	£340.75
Nickel	£5,216*	......	£5,216
Freemkt	275/285c	......	280/300c
Platin'mtr'y oz	£202	......	£202
Freemkt	£243.30	-6.7	£271.55
Quicksilver†	$360/370	......	$365/380
Silver troy oz	687.50p	-6.65	804.56p
3 mths	715.0p	-4.65	831.60p
Tin Cash	£6,300	-35	£6,225
3 mths	£6,314	-39.5	£6,597.5
Tungsten 22.04 lb	$141.87	......	$145.28
Wolfrm 22.04 lb	$140/143	......	$138/139
Zinc Cash	£326	-0.50	£344.75
3 mths	£357.6	......	£356.25
Producers	$825	......	$825
Oils			
Coconut (Phil.)	$620z	......	$650
Groundnut		......	‡
Linseed Crude	£460	......	‡
Palm Malayan	$626y	+2.5	$647.5
Seeds			
Copra Phillip	$450	+10	$425
Soyabean (U.S.)	$587x	-3	$571.5
Grains			
Barley Futures	£96.70	-0.10	£101.65
Maize			
French	‡	......	£121.5
Wheat			
No 1 Red Spg.	‡	......	‡
No2 HardWint	£106.25y	-1.75	£111.25
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£985	+5	£950
Future Mar.	£908.5	+5	£884.6
Coffee Ft'Mar.	£1,043.5	+8.5	£1,026.5
Cotton A.Index	100.50c	+0.4	88.25c
Rubber (kilo)	57.25p	+0.25	65p
Sugar (Raw)	£305	+2	£325
Woolt'ps 64s kl.	297p kilo	......	297p kilo

† Unquoted. w Jan. y Feb. v Dec.-Jan. x Jan.-Feb. u Feb.-March. t April. z Indicator. § Buyer. ‡ Per 76-lb flask. * Nominal.

AMERICAN MARKETS

NEW YORK, December 29.

GOLD AND silver weakened on a lower London spot bullion and technical factors, this affected copper. Commission house profit-taking after last week's rally touched off stops in the sugar market. Coffee was firm based on technical considerations and expectations of renewed roaster interest after the New Year's holiday. Cocoa strengthened on chart related buying. Cotton remained firm throughout the session on a bullish export sales report which confirmed a large sale to China. The pork complex was limit down on continued pressure from the hogs and pigs report, lower cash prices and heavier than expected hog marketings. Cattle's decline was limited. Grains were lower on hedge selling and light cash movement over the weekend. Soyabeans were sharply lower on very light volume due to lack of commercial demand, reported Heinold.

Copper—Jan. 84.80 (86.65), Feb. 86.35 (88.15), March 87.80-87.95, May 90.40, July 92.45, Sept 94.25, Dec. 96.50, Jan. 97.25, March 98.75, May 100.25, July 101.75, Sept. 103.25.

Potatoes (round whites)—March 139.3-139.5 (138.3), April 167.5-167.7 (162.9), Nov. 87.7-88.0. Sales: 1,794.

Sugar—No. 11: Jan. 29.00-30.00 (31.10), March 29.70-29.90 (31.60), May 30.19, July 29.90, Sept. 28.10, Oct. 27.30, Jan. 24.60-25.00, March 24.70, May 24.90. Sales: 8,710.

Tin—673.0-690.0 (678.0-693.0).

CHICAGO, December 29.

Chicago Imm Gold—Jan. 587.5 (611.5), March 604.0-603.0 (628.2), April 611.5, June 627.5-626.5, July 635.0, Sept. 651.0, Oct. 658.9, Nov. —, Dec. 674.8, Jan. 682.7.

Lard—Chicago loose 22.00 (same).

Live Cattle—Jan. 65.17 (65.30), Feb. 67.75-67.85 (67.35), April 69.95-69.85, June 71.60-71.55, August 71.65-71.55, Oct. 70.25, Dec. 71.00, Feb. —.

Live Hogs—Feb. 48.57 (50.07), April 50.87 (52.37), June 55.02, July 56.12, August 55.77, Oct 54.15, Dec. 55.55, Feb. 58.50, April 58.50.

‡‡Maize—March 375-375¼ (377¼), May 380¾-381 (383¾), July 379¾-380, Sept. 369¾-369¼, Dec. 353¼, March 368½.

Pork Bellies — Feb. 58.57 (60.57), March 59.52 (61.52), May 62.85, July 64.75, August 64.40.

Silver—Jan. 1555.0 (1669.5), Feb. 1629.5 (1689.5), April 1673.0, June 1716.0, August 1759.0, Oct. 1802.0, Dec. 1845.0, Feb. 1888.0, April 1931.0, June 1874.0, August 2017.0, Oct. 2060.0, April 2189.0.

†Soyabeans—Jan 771½-771 (787¾), March 802½-802½ (820), May 829-830, July 845, August 830½, Sept 816-817, Nov. 803½-803, Jan. 820.

‖Soyabean Meal—Jan 226.5-226.2 (233.0), March 237.0-237.5 (242.8), May 244.0-244.5, July 249.0-248.8, Aug. 247.5, Sept. 240.0-242.0, Oct 231.5-232.0, Dec 232.0, Jan. 232.0-238.0, March —.

Soyabean Oil—Jan 23.85-23.90 (24.65), March 24.50-24.25 (25.57), May 25.65, July 26.40, Aug. 26.45, Sept. 26.55, Oct. 26.50, Dec 26.60, Jan 26.55-26.60, March 2670-26.30.

†Wheat—March 495-487 (481¾), May 492-493½ (489½), July 476-475½, Sept. 486, Dec. 504½, March —.

WINNIPEG, December 29.

§Barley—Dec. 159.00 (157.00), March 161.60 (161.50), May 163.70, July 165.00, Oct. 166.40.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, Dec. 29

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Jan $231, Feb. $231, March $233. U.S. No. Two Red Winter Jan. $224, Feb. $224, March $224. U.S. No. Two Northern Spring 14 per cent: Jan. $237.50, Feb. $240, March $242, April/May $222.

Maize—Spot $177, AFL $174, mid-Jan./mid-Feb. $179, Jan. $190, Feb. $183.50, March $185.50, July/Sept. $184, Oct./Dec. $178, Jan./March $190.

Soyabeans—U.S. Two Yellow Gulfports AFL $317, Jan. $321.50, Feb. $332.50, March $337.75, April $343.50, May $346.75, June $352, July $353, Aug. $353, Sept $343.75, Oct. $332, Nov. $332, Dec. $338.25, sellers Argentina-Paraguay June $347.25, July $348.

Soyameal—44 per cent protein U.S. AFL $285, Dec. $285, Jan. $289, Feb $299, March $305, April/Sept. $316, Nov./March $302. Brazil Pellets AFL $295.50, Dec $298, Jan. $305, Feb $310, March $316, April/Sept. $325.50 sellers.

PARIS, Dec. 29.

Cocoa (FFr per 100 kilos)—Dec. 873, March 941/943, May 975/985, July 990, Sept. 1012/1032, Dec. 1035/1047. Sales at call 0.

Sugar (FFr per tonne)—March 3421/3423, May 3385/3400, July 3350/3390, Aug. 3330/3380, Oct. 3100/3150, Nov unquoted, Dec. 2980/3060, March 2950/3010. Sales at call 3.

INDICES

FINANCIAL TIMES

Dec. 24	Dec. 23	Month ago	Year ago
263.12	265.57	268.78	-

(Base: July 1, 1952=100)

MOODY'S

Dec. 24	Dec. 23	Month ago	Year ago
1241.3	1240.8	—	—

(December 31, 1931=100)

DOW JONES

Dow Jones	Dec. 24	Dec. 23	Month ago	Year ago
Spot	444.14	443.75	-	-
Fut'rs	467.08	465.99	-	-

(Average 1924-25-26=100)

REUTERS

Dec. 29	Dec. 24	M'nth ago	Year ago
1736.1	1732.9	1766.7	1701.2

(Base: September 18, 1931=100)

COMPANY NOTICES

LONDON STOCK EXCHANGE

Markets narrowly mixed on resumption of quiet trade
Gilts down but firm equities featured by TV shares

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 8	Dec. 22	Dec. 23	Jan. 5
Dec. 24	Jan. 8	Jan. 9	Jan. 19
Jan. 12	Jan. 22	Jan. 23	Feb. 2

* "New time" dealings may take place from 9 am two business days earlier.

London stock markets resumed the Christmas trading Account with contrasting trends in the two main investment sectors. Attendance on the floor of the House was not far below normal, but many large investors appeared to be prolonging their Christmas festivities. The dearth of institutional activity was particularly noticeable in the Gilt-edged market which was unable to resist relatively light domestic and overseas selling. Longer-dated stocks suffered more than the shorts, occasionally displaying falls extending to ⅝, with sentiment unsettled by yesterday's wide fluctuations in sterling in a thin and sensitive foreign exchange market.

The equity sections made slight upward progress with the emphasis on New Year Press selections and TV shares; the latter following publication of the sweeping IBA franchise changes. **Westward** was especially notable, moving up sharply to 29p before settling at 25p for a net gain of 3½. Measuring the overall trend of leading industrials, the FT 30-share index held a gain of about two points at each hourly calculation before improving further to close 3.1 up at the day's best of 470.0.

Deals in Traded options amounted to 582, much in line with the previous short week's average of 557. A good demand developed for **Courtaulds**, which attracted 135 trades, while **Imperial** and **Commercial Union** recorded 110 and 100 deals respectively.

Narrow irregular price movements were the order of the day in a lethargic banking sector. New Year investment recommendations helped **Henry Ansbacher** improve 1½ to 17½p and **FNFC** harden a penny to 26½p. The major clearers edged higher with **Lloyds** and **NatWest** up 2 apiece to 332p and 382p respectively. **Bank of Scotland** rose 3 to 298p. By way of contrast, **Grindlays** cheapened 3 to 172p.

A gain of 5 to 281p in **Hambro Life** following Press comment provided the only feature in an idle Insurance sector.

Leading Building issues usually improved. **Blue Circle** and **BPB** adding 4 apiece to 338p and 212p respectively. Elsewhere, **Ibstock Johnsen** firmed 4 to 61p on suggestions that the company could become the subject of a bid from **Redland**, a penny harder at 160p. Recent speculative favourite **Phoenix Timber** rose 6 afresh to 114p, while **Vectis Stone** added 4 to 35p in response to the satisfactory preliminary results. News of major nuclear contracts lifted **Newarthill** 10 to 295p and **Taylor Woodrow** 4 to 432p.

Debenhams firm

Buyers held sway in quietly firm Stores. **Debenhams** were particularly good, rising 5 to 82p on the successful start to the High Street sales. **Gussies "A"** added 8 to 473p, while **Marks and Spencer**, 113p, and **British Home**, 146p, both hardened a couple of pence. An investment recommendation helped **Harris Queensway**, 6 better at 182p but most other secondary issues trended to lower levels, where altered. **Cornell Dresses** continued to reflect disappointment with the offer document from **Polly Peck** and dipped 3 more to 55p, while the latter eased 5 down at 130p. Support was also lacking for **W. L. Pawson** and **Northern Goldsmiths**, both 3 cheaper at 18p and 60p respectively.

The Electrical leaders trended a few pence harder. In secondary issues, **Webber** met support and put on 4 to 110p and **AB Electronic**, a poor market of late, rallied 3 to 108p.

GKN continued to respond to scattered buying interest and put on 8 to 151p. Among other occasional movements in the Engineering sector, **Brockhouse** advanced 4 to 34p following favourable Press mention. News of the nuclear power station contract to be carried out for the CEGB left **Northern Engineering** 3 to the good at 70p.

Institutional support to a market short of stock lifted **J. Sainsbury** 11 to a 1980 peak of 358p. Also in Food Retailers, **Fitch Lovell** added 3 to 75p following favourable Press comment. Interest was shown in **Associated Biscuit** which rose 4 to 49p.

Reports that an analyst had downgraded his forecast of the company's profits clipped a penny from **Grand Metropolitan**, 152p.

Interest in miscellaneous industrials was largely confined to those stocks figuring in New Year recommendation lists. **Broken Hill Proprietary** rose 20 to 830p and **Schlumberger** added 1½ points to £31½, while **AGB Research** firmed 8 to 218p and **Bath and Portland**, 37p, and **Hanson Trust**, 196p, gained 5 apiece. Similarly, **Berwick Timpo** put on 2 to 52p and **Dinkie Heel** hardened a penny to 13p. Firm recently on the announcement that Kangra International Holdings had acquired a near-15 per cent stake in the company, **Renwick**, already in receipt of a bid from **AAH**, improved 2 more to 82p. **Cape Industries** found support at 205p, up 7, while **ICL** rallied 4 to 67p. Of the quietly firm leaders, **Pilkington** advanced 7 to 262p on Press comment.

Certain Television issues attracted early interest following the IBA franchise decisions. After opening higher at 26p, **Westward** touched 29p before closing a net 3½ dearer at 25p, the franchise loss was expected. Initially dull at 42p on the IBA's ruling for the sale of most of its Yorkshire and Tyne Tees interests, **Trident A** rallied well to close unchanged on balance at 47p. **Associated Communications** put on 5 to 50p and **LWT A** 4 to 104p, while **HTV** added 3 to 100p. Among Leisure issues, **Horizon Travel** put on 10 to a high for the year of 139p on reports of increased overseas holiday bookings.

Group Lotus Car eased a penny to 24p following the interim profits setback. Elsewhere in Motors, **Dunlop** continued to respond to bid hopes and added 2 more to 71p, but fears of a possible cut in the National Coal Board's investment programme clipped 4 from major mining equipment manufacturer **Dowty**, 196p.

Although business in Properties was thin, the undertone was distinctly firm with **Land Securities** rising 5 to 364p and **MEPC** 3 to 219p. **Berkeley Hambro** also added 3, to 210p, while **Great Portland Estates** hardened a couple of pence to 212p. Weekend Press comment stimulated support for **Town and City**, 1½ dearer at 28½p.

The majority of Oil shares traded on a quietly firm note. **Tricentrol** encountered buyers and put on 14 to 342p, while weekend Press mention helped **Lasmo** improve 10 to 760p and **Charterhouse** 5 to 95p. **Strata** were also noteworthy for a gain of 14 to 184p and **Gas and Oil Acreage**, 480p, and **Berkeley**, 265p, firmed 10 and 5 respectively.

Favourable Press comment prompted the odd upward movement in Overseas Traders. **James Finlay** rose 8 to 105p, while **Paterson Zochonis A** added a similar amount to 400p.

Speculative buying left **Aberdeen Investments** up 6 more at 186p in Trusts. Among Financials, weekend Press mention prompted a gain of 6 to 250p in **M and G Holdings** and a rise of 30 to 525p in **Mercantile House**, while **Britannia Arrow**, a beneficiary from the IBA reshuffle, firmed 3 to 38½p.

Textiles were featured by **Courtaulds** which closed 3 better at 56p after a Press tip.

Subdued mines

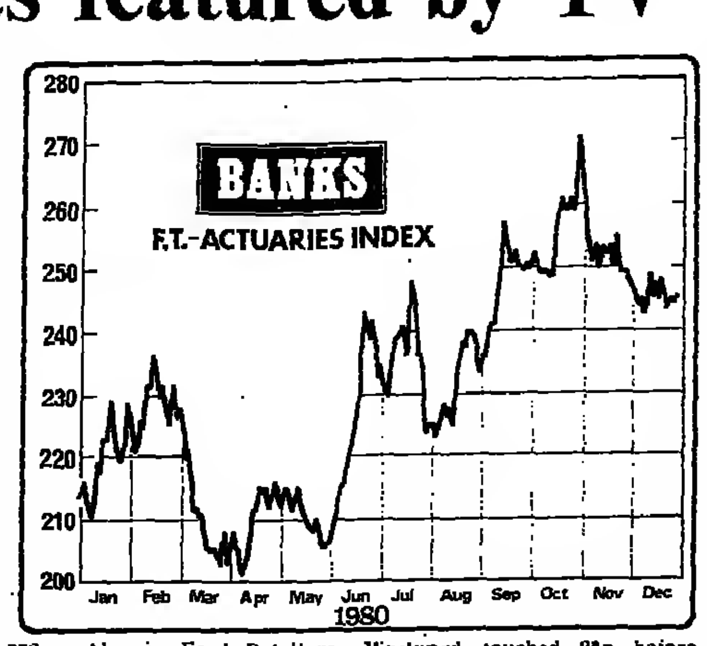
Mining markets were generally quiet yesterday, with the exception of Australian issues. The weakness in the bullion price, finally $12 lower at $592.50 an ounce, contributed to small declines in many South African Golds but these were offset by gains in some issues and the Gold Mines index closed unchanged at 441.3.

Among the higher-priced issues, **West Driefontein** and **St Helena** each lost ¾ to £40¾ and £22¾ respectively while, in medium-priced stocks, **ERGO** gave up 20 to 465p, and **Venterspost** at 634p, **Free State Geduld** at 433p and **Klandsrand** at 381p all closed around 10 cheaper. **Free State Development** went against the trend with a rise of 30 to 270p, and **Kinross** put on 13 to 761p.

South African Financials drifted on lack of interest, with the exception of **Rand Mines Properties** which gained 25 to 355p on favourable Press comment.

Australians were firmer in line with overnight Sydney prices. **Pancontinental Mining** stood out with a gain of 30 to 585p, while weekend Press comment produced new 1980 highs in **Hampton Areas**, up 25 to 270p, **Haoma Gold**, 16 stronger at 170p, and **Negri River**, up 13 to 70p.

New highs were also achieved by **North West Mining**, 4 firmer at 142p, **York Resources**, up [illegible] at 90p, and **Nickelore**, 9 better at 69p.



EUROPEAN OPTIONS EXCHANGE

Series			March Vol.	March Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM	C	$45	20	4⅞	—	—	—	—	$47
GM	C	$50	—	—	20	4	—	—	"
			Jan.		April		July		
ABN	C	F.290	1	13	—	—	—	—	F.299.50
ABN	C	F.300	9	3	—	—	—	—	"
ABN	C	F.320	7	0.40	—	—	—	—	"
AKZO	C	F.17.50	1	0.40	5	1.20	12	1.70	F.17.10
AKZO	C	F.20	[illegible]						
AKZO	C	F.25	[illegible]						
AMRO	C	F.60	[illegible]						
KOOA	C	F.80	[illegible]						
HEIN	C	F.60	[illegible]						
HEIN	C	F.55	[illegible]						
HEIN	P	F.50	[illegible]						
HOOC	C	F.15	[illegible]						
IBM	C	$60	[illegible]						
IBM	C	$65	[illegible]						
IBM	C	$70	[illegible]						
IBM	P	$65	[illegible]						
IBM	P	$70	[illegible]						
KLM	C	F.55	[illegible]						
KLM	C	F.60	[illegible]						
KLM	C	F.70	[illegible]						
KLM	P	F.55	[illegible]						
KLM	P	F.60	[illegible]						
NATN	C	F.120	[illegible]						
PETR	C	Fr.5500	[illegible]						
PHIL	C	F.15	[illegible]						
PHIL	C	F.17.50	[illegible]						
PHIL	C	F.20	[illegible]						
PHIL	P	F.15	[illegible]						
PHIL	P	F.17.60	[illegible]						
OLIE	C	F.170	[illegible]						
OLIE	C	F.180	[illegible]						
OLIE	C	F.190	[illegible]						
OLIE	C	F.200	[illegible]						
OLIE	C	F.220	[illegible]						
OLIE	C	F.240	[illegible]						
OLIE	P	F.180	[illegible]						
OLIE	P	F.200	[illegible]						
OLIE	P	F.220	[illegible]						
OLIE	P	F.240	[illegible]						
UNIL	C	F.120	[illegible]						
UNIL	C	F.130	[illegible]						
UNIL	C	F.140	[illegible]						
XERO	C	$60	[illegible]						
XERO	C	$70	[illegible]						
			Feb.		May		Aug.		
BOEI	C	$35	[illegible]						
BOEI	C	$40	[illegible]						
BOEI	P	$40	[illegible]						
MANN	C	DM.140	[illegible]						
OCCI	C	$30	[illegible]						
SIEM	C	DM.280	[illegible]						
SLUM	C	$120	[illegible]						
TOTAL VOLUME IN CONTRACTS					1551				

A=Asked B=Bid C=Call P=Put

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Aberdeen Invs. ...	25p	7	186	+ 6	186	63½
S.P.O. Minerals ...	10p	7	136	− 6	136	91
Land Securities...	50p	5	364	+ 5	397	237
Tn. & City Props.	10p	5	28½	+ 1½	31½	16
European Ferries	25p	4	149	− 1	192	98
GEC	25p	4	597	+ 1	618	326
ICI	£1	4	320	+ 2	402	314
Imp. Cont. Gas ...	£1	4	270	− 5	355	198
BSR	10p	3	29	—	42	18
BP	25p	3	422	− 4	502	320
Burmah Oil	£1	3	191	− 2	249	162
Courtaulds	25p	3	56	+ 3	87	49
Dobson Park	10p	3	108	—	142	92
Dunlop Hldgs. ...	50p	3	71	+ 2	83	51
Premier Cons. ...	5p	3	111	+ 1	127	36

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 6	Jan. 16	Apr. 3	Apr. 21
Jan. 19	Jan. 30	Apr. 29	May 11
Feb. 2	Feb. 13	May 14	May 26

For rate indications see end of Share Information Service

Stocks favoured for the call included Woodside, Carrington Viyella, Muirhead, ICL, Premier Oil, Hambro Life, Phoenix Timber, Courtaulds, PMA, Burmah, Inveresk, Suter Deferred, Elsburg, Loorbo and Hampton Trust. No puts or doubles were reported.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Mon., Dec. 29, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Dec. 24 Index No.	Tues., Dec. 23 Index No.	Mon., Dec. 22 Index No.	Fri., Dec. 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	283.87	+0.6	15.53	5.81	7.90	282.29	282.54	282.56	283.07	214.49
2	Building Materials (27)	241.42	+1.1	19.24	7.15	6.19	238.81	239.37	238.80	239.41	193.21
3	Contracting, Construction (26)	399.08	+0.5	22.86	6.35	5.25	397.24	396.96	396.79	397.88	325.10
4	Electricals (17)	942.50	+0.3	10.37	2.88	11.97	939.36	939.60	942.60	942.75	554.54
5	Engineering Contractors (11)	397.69	+0.7	15.31	6.51	8.36	394.81	395.84	397.63	398.05	289.73
6	Mechanical Engineering (73)	170.91	+0.2	17.36	7.70	7.16	170.56	170.93	170.86	171.41	150.29
8	Metals and Metal Forming (16)	136.18	+1.5	21.24	11.66	5.88	134.15	133.95	132.53	133.05	146.18
	CONSUMER GOODS										
11	(DURABLE) (48)	231.04	+0.3	13.49	5.24	8.92	230.33	230.13	230.73	230.34	192.48
12	Lt. Electronics, Radio, TV (14)	358.33	+0.3	10.48	3.97	11.67	357.43	357.00	358.48	359.14	259.46
13	Household Goods (13)	83.61	−0.1	26.25	9.46	4.79	83.71	83.71	83.44	83.39	115.49
14	Motors and Distributors (21)	92.71	+0.6	22.08	9.11	5.24	92.14	92.16	91.99	90.61	104.74
	CONSUMER GOODS										
21	(NON DURABLES) (172)	236.37	+0.7	16.79	6.77	7.25	234.67	234.60	234.09	236.60	204.31
22	Breweries (14)	261.45	−0.1	16.03	7.01	7.56	261.61	263.00	262.39	263.86	253.03
23	Wines and Spirits (5)	270.24	—	22.84	7.60	5.14	270.24	271.43	269.06	270.55	295.65
24	Entertainment, Catering (16)	346.43	+0.2	16.65	6.38	7.39	345.66	344.30	344.21	344.40	273.73
25	Food Manufacturing (23)	209.95	+0.4	18.79	7.50	6.33	209.19	209.51	210.70	211.32	190.93
26	Food Retailing (14)	457.25	+1.0	10.25	3.39	11.54	448.96	448.02	444.75	444.43	291.92
32	Newspapers, Publishing (12)	421.85	−0.7	23.14	6.95	5.65	424.99	423.95	424.34	427.34	385.03
33	Packaging and Paper (15)	113.49	+0.1	28.45	10.74	4.07	113.33	112.44	111.39	112.93	116.56
34	Stores (44)	245.80	+1.3	12.14	5.12	10.70	242.75	242.80	240.93	246.57	191.38
35	Textiles (21)	124.07	+1.5	20.54	10.72	6.31	122.26	122.35	122.09	123.45	125.97
36	Tobaccos (3)	195.67	+0.3	29.33	11.90	3.88	195.18	193.69	196.66	198.15	201.44
37	Toys and Games (5)	22.98	+0.8	—	5.88	—	22.80	22.99	23.17	23.83	47.59
41	OTHER GROUPS (98)	217.73	+0.4	16.19	7.29	7.37	216.83	217.30	217.84	218.23	188.19
42	Chemicals (15)	293.70	+0.5	17.99	8.30	6.50	292.47	293.38	295.98	298.52	281.05
43	Pharmaceutical Products (7)	256.83	+0.5	10.33	5.56	11.52	255.56	254.73	253.47	252.20	195.40
44	Office Equipment (6)	101.25	—	20.30	0.21	5.76	101.22	100.84	101.29	102.29	104.61
45	Shipping (10)	539.63	+0.2	13.62	6.76	8.96	538.56	536.89	543.33	544.54	422.21
46	Miscellaneous (60)	262.82	+0.4	17.83	7.28	6.84	261.67	263.41	262.95	262.30	218.65
49	INDUSTRIAL GROUP (488)	250.89	+0.6	16.07	6.51	7.55	249.44	249.58	249.54	250.87	208.64
51	Oils (12)	936.03	−0.1	25.66	5.62	4.34	937.04	937.66	934.32	942.41	702.09
59	500 SHARE INDEX	305.04	+0.4	18.37	6.30	6.42	303.78	303.95	303.65	305.52	247.61
61	FINANCIAL GROUP (118)	231.77	+0.4	—	5.73	—	230.90	230.59	229.86	231.59	182.88
62	Banks (6)	245.64	+0.5	41.65	6.94	2.88	244.46	244.53	243.23	246.05	222.52
63	Discount Houses (10)	285.78	+0.2	—	6.02	—	285.29	284.15	281.81	281.81	218.71
64	Hire Purchase (5)	193.65	−0.1	12.56	5.40	10.75	193.77	196.24	197.97	198.03	164.51
65	Insurance (Life) (10)	227.61	—	—	5.79	—	227.59	227.49	226.60	229.19	155.64
66	Insurance (Composite) (9)	144.10	−0.1	—	8.00	—	144.30	143.84	143.59	145.55	121.42
67	Insurance Brokers (9)	316.52	+0.2	14.55	7.32	9.41	316.03	315.59	313.11	315.02	266.51
68	Merchant Banks (13)	144.09	+0.5	—	5.37	—	143.36	143.51	143.31	143.02	90.09
69	Property (45)	440.62	+0.7	3.34	2.79	41.67	437.41	436.58	436.28	437.13	318.61
70	Miscellaneous (11)	167.15	+0.9	16.19	5.94	7.85	165.59	164.47	163.20	163.32	121.17
71	Investment Trusts (109)	282.23	—	—	5.34	—	282.11	282.69	281.56	281.52	192.65
81	Mining Finance (3)	230.24	−0.1	14.25	5.82	8.36	230.42	229.67	229.67	229.96	160.94
91	Overseas Traders (20)	426.69	+0.2	11.84	6.88	10.24	425.98	423.36	424.95	428.81	331.79
99	ALL-SHARE INDEX (750)	290.20	+0.4	—	6.14	—	289.14	289.16	288.75	290.45	230.76

FIXED INTEREST PRICE INDICES

	British Government	Mon., Dec. 29	Day's change %	Wed., Dec. 24	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.99	−0.09	107.28	0.19	10.38
2	5-15 years	109.17	−0.41	109.63	—	13.18
3	Over 15 years	113.79	−0.60	114.47	—	14.84
4	Irredeemables	126.18	−0.38	127.61	0.94	14.48
5	All stocks	109.71	−0.38	110.20	0.07	12.70

FIXED INTEREST YIELDS — British Govt. Av. Gross Red.

			Mon., Dec. 29	Wed., Dec. 24	Year ago (approx.)
1	Low	5 years	11.95	11.91	12.70
2	Coupons	15 years	11.95	11.91	12.71
3		25 years	11.95	11.91	12.72
4	Medium	5 years	13.53	13.44	14.51
5	Coupons	15 years	13.83	13.73	14.32
6		25 years	13.49	13.39	14.15
7	High	5 years	13.52	13.44	14.72
8	Coupons	15 years	14.04	13.95	14.79
9		25 years	13.71	13.62	14.54
10	Irredeemables		11.60	11.55	12.16

		Mon., Dec. 29 Index No.	Yield %	Wed. Dec. 24	Tues. Dec. 23	Mon. Dec. 22	Friday Dec. 19	Thur. Dec. 18	Wed. Dec. 17	Tues. Dec. 16	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	52.97	13.99	52.97	52.95	52.89	52.88	52.67	52.88	52.93	49.36
16	Investment Trust Prefs. (15)	51.35	13.15	51.35	51.55	51.35	52.00	52.00	52.00	52.00	46.34
17	Coml. and Indl. Prefs. (20)	67.95	13.25	67.98	67.65	67.63	67.76	67.63	67.63	67.10	61.25

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FINANCIAL TIMES STOCK INDICES

	Dec. 29	Dec. 24	Dec. 23	Dec. 22	Dec. 19	Dec. 18	A year ago
Government Secs.	68.75	69.06	68.99	69.05	[illegible]	69.03	[illegible]
Fixed Interest	70.57	70.75	70.74	70.38	70.07	[illegible]	[illegible]
Industrial Ord.	470.0	466.9	466.7	464.6	466.5	[illegible]	[illegible]
Gold Mines	441.3	441.5	442.6	441.4	428.0	[illegible]	[illegible]
Ord. Div. Yield	7.58	7.62	7.63	7.65	7.63	7.64	[illegible]
Earnings, Yld. % (full)	16.97	17.06	17.06	17.11	17.08	17.14	[illegible]
P/E Ratio (net)	7.22	7.18	7.19	7.17	7.19	7.14	[illegible]
Total Bargains	11,230	6,971	16,170	16,070	18,210	16,218	[illegible]
Equity turnover £m	—	40.95	102.77	89.08	98.00	105.47	59.20
Equity bargains total	—	4,730	12,716	11,897	10,970	11,073	5,911

10 am 468.8. 11 am 469.1. Noon 468.8. 1 pm 469. 2 pm 469.1. 3 pm 469.2.
Latest Index 01-246 8026.
*Nil = 6.67.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compil'n High	Since Compil'n Low
Govt. Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9)	265.5 (12/2)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 29	Dec. 24
—Daily		
Gilt Edged	49.5	72.3
Industrials	28.7	37.9
Speculative	15.3	35.6
Totals	23.6	31.5
5-day Avrge.		
Gilt Edged	81.2	86.6
Industrials	65.6	61.1
Speculative	25.8	28.0
Totals	41.0	46.7

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (34)

BRITISH FUNDS (5)
Treas. 3pc 79-81; Treas. 3pc 1985; Excher. 3pc 1985; Excher. 11½pc 1986; Excher. 3pc '83 A

AMERICANS (1)
Rockwell Int.

BANKS (1)
Ansbacher

ENGINEERING (2)
Howden Group; Northern Eng.

FOODS (1)
Sainsbury (J.)

INDUSTRIALS (4)
Brengreen; Franklin Mint; Dover Corp.; Renwick Group

LEISURE (2)
Horizon; Westward TV

NEWSPAPERS (2)
Collins (Wm.); Collins (Wm.) A

PROPERTY (1)
Trust Secs.

TEXTILES (1)
Hollas Group

TRUSTS (5)
Aberdeen Invs.; M. & G. Holdings; Berry Trust; Mercantile House; Child Health

OIL & GAS (1)
LASMO 'Ops'

OVERSEAS TRADERS (1)
Paterson Zoch. A N-V

MINES (7)
Paringa N-V; North West Mining; Hampton Areas; York Resources; Haoma Gold; S.P.O. Minerals; Nickelore

NEW LOWS (18)

AMERICANS (1)
Censor

BEERS (1)
Allied Breweries

BUILDINGS (1)
UBM Group

STORES (2)
Aquascutum; Pearson (W. L.)

ELECTRICALS (2)
Normand Elec.; United Electronic

ENGINEERING (5)
British Aluminium; Utd. Wire; Camford Eng.; Wood (S. W.); Johnson Firth Brown

INDUSTRIALS (4)
Hargreaves; Utd. Gas Inds.; Morgan Crucible; Waterer (The.)

PAPER (1)
Melody Mills

PROPERTY (1)
Lyganvale Ests.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	7	60	[illegible]
Corpns. Dom. and Foreign Bonds	2	14	[illegible]
Industrials	221	82	1,080
Financial and Prop.	107	35	[illegible]
Oils	42	6	[illegible]
Plantations	1	4	[illegible]
Mines	68	32	[illegible]
Others	57	26	[illegible]
Totals	507	287	1,659

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a) (z)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	60.5	65.0	+0.8	2.23
Abbey Capital	43.7	47.2	+0.2	5.19
Abbey General	54.2	58.6	+0.2	5.24
Abbey Gilt & F.I. Tst.	105.2	110.7	-0.2	11.83
Abbey Income	32.3	34.9	+0.1	10.06
Abbey W'Wide Bd Tst.	92.8	98.2	+0.5	6.82
Abbey Inv. Tst. Fd.	48.4	52.3	.....	4.86
Equitas Prog. Tst.	79.0	85.4	-0.1	5.05

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	88.7	93.3	-0.7	12.86

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	85.1	91.1	+0.4	6.33
Brit. Inds. Fund.	73.4	78.5	+0.2	6.80
Growth & Income	48.7	52.1	+0.2	5.34
Elect. & Ind. Dev.	42.2	45.2		5.53
Allied Capital	91.5	97.8	+0.4	4.50
Hambro Fund	125.3	134.1	+0.3	6.45
Hambro Acc. Fund	174.0	186.2	+1.1	4.89
Income Funds				
High Yield Fd.	61.6	65.9	+0.2	9.48
High Income	74.5	79.7	+0.3	7.97
A. H. Eq. Inc.	43.6	46.7	+0.2	7.84
Govt. Secs.	25.2	25.9	-0.1	11.85
International Funds				
International	34.9	37.3	+0.4	2.65
Pacific Fund	61.1	65.4	+0.8	1.87
Secs. Of America	71.7	76.7	+1.0	2.09
Specialist Funds				
Smaller Co.'s Fd.	53.2	56.9	-0.2	4.39
2nd Smlr. Co's Fd.	62.9	67.3	+0.2	4.46
Recovery Sits.	127.3	136.2	+0.5	5.97

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BO. 01-248 4984

High Income	31.9	37.1	-0.1	12.13
North American	61.1	66.0	+1.0	2.61
Canadian Exempt*	63.2	66.9		3.50
Canadian Trust	66.0	71.3	+1.5	2.50
Mid Moum High Inc.*	46.9	49.7		4.71
Recovery	53.4	58.3	+0.6	7.37
Gilt Trust	42.7	44.7	-0.1	12.94

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	41.0	44.2	+0.5	0.85
Cres. Internat'l.	75.0	81.0	+0.4	1.77
Cres. High. Dist.	39.5	42.6	+0.1	11.44
Cres. Reserves	48.9	52.8	+0.3	5.46
Cres. Tokyo	28.5	30.7	+0.3	1.02

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.0	25.4	.....	9.99

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Dec. 23	216.7	231.2	.....	5.72

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.2	.....	8.75
Gt. Winchester O'seas	25.8	28.4	.....	3.90

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1 01-493 3211

Emson Dudley Tst.	88.4	95.1	..	6.00

Equity & Law Un. Tr. M. (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	85.6	90.1	+0.4	4.70

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	32.6	35.3	+0.3	0.81
Amer. Spec. Sits. (z)	25.5	26.9	+0.3	0.90
Gilt + Fixed Inc.	25.0	26.4	-0.1	12.25
Growth + Income	29.6	31.9	+0.2	7.77
Maximum Inc. Eq. Tst.	25.0	26.4	+0.1	9.74
Special Sits.	38.1	41.0	+0.7	1.97

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Int.	Red.
92¼	82¼	Aust. 5½pc '81-82	92	−¼	6.07	13.88
85¼	72½	Do. 6pc 1981-83	83½	−¼	7.22	13.19
67¼	58	N.Z. 7¼pc 1988-92	63¾xd	−¼	11.36	13.55
82¾	72	Do. 7½pc '83-86	78¼xd	−¼	9.62	13.30
96¾	88	Sth. Africa 9½pc '79-81	96½	−¼	10.01	16.05
160	95	S. Rhod. 2½pc Non-Ass.	113	......	—	—
49	31	Do. 3½pc 80-85 Asstd.	49	......	7.39	21.00
32	20½	Do. 4½pc 87-92 Asstd.	32	......	14.67	21.80

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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[illegible]

INSURANCE—Continued

[illegible]

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[illegible]

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[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

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TOBACCOS

[illegible]

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OVERSEAS TRADERS

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RUBBERS AND SISALS

[illegible]

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[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980 High	1980 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	33	.....	02.5c	—	3.8
28	12	ACM 20c	20	+1½	—	—	—
*199	46½	Bond Corp.	150	.....	07.5c	1.9	2.5
156	87	Bougainville (Kina)	102	+2	[illegible]	1.0	13.1
*350	221	CRA 50c	288	+2	t015c	2.1	2.6
25	11½	Canada Northwest	22	+3	—	—	—
42	8	Carr Boyd 20c	30	+1	—	—	—
545	152½	Central Pacific	355	+5	—	—	—
43	17	Cultas Pacific N.L.	37	+1	—	—	—
52	20	Eagle Corp. 10c	26	−2	—	—	—
41	15¼	Endeavour 20c	37½	+½	—	—	—
600	175	G.M. Kalgoorlie 25c	510	.....	013c	ф	0.3
46	15	Great Eastern	24	+2½	—	—	—
*265	117	Hampton Areas 10p	265	+20	t2.5	2.4	13

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1980 High	1980 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	Anglo-Dominion	[illegible]	[illegible]			
97	43	Barymin	53	.....	—	—	—
17	12	Burma Mines 10p	15	.....	0.62	1.1	6.0
445	53	Colby Res. Corp.	280	+30	—	—	—
502	240	Cons. Murch. 10c.	250	.....	t030c	1.8	6.0
180	80	††Hemerdon 10c.	85	.....	—	—	—
225	36	Highwood Res.	170	.....	—	—	—
585	325	Northgate C$1	370	−5	—	—	—
*486	322	R.T.Z.	407	−3	t16.0	5.2	5.6
£115	£101	Do. [illegible]	£101	−1	Q9½%	—	18.7
136	91	††SPO Minerals 10p	136	+6	—	—	—
58	26	Sabina Inds. C$1	42	+2	—	—	—
51	31	††SWCM 10p	34	.....	—	—	—
650	401	Tara Exptn. $1	487	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable, bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡1 Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	39	.....			
Bertam	11	.....	Conv. 9% '80/82.	£93¼	.....
Bdg'wtr. Est. 50p.	515	.....	Nat. 9¾% 84/89	£79⅝	.....
Craig & Rose £1.	£11	.....	Fin. 13% '97/02	£86½	.....
File Forge	39	.....	Alliance Gas	52	.....
Finlay Pkg. 5p	21	.....	Arnott	205	.....
Graig Ship £1	£19	.....	Carroll (P.J.)	75xd	.....
Higsons Brew.	67	.....	Concrete Prods.	63	.....
Holt (Jos) 25p	315	.....	Heiton (Hldgs.)	33	.....
I.O.M. Stm £1	162	.....	Ins. Corp.	320	.....
Pearce (C. H.)	635	.....	Irish Ropes	33xd	.....
Peel Mills	57	.....	Jacob	34	.....
Shelf Refrshmt.	92	.....	T.M.G.	26	.....
Sindall (Wm.)	141	.....	Unidare	82	.....

OPTIONS

3-month Call Rates

Industrials					
A. Brew.	7	I.C.I.	28	Utd. Drapery	6½
BOC Intl.	9	"Imps"	7½	Vickers	15
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	12	Inveresk	3	**Property**	
Barclays Bank	40	Ladbroke	24	Brit. Land	0
Beecham	15	Legal & Gen.	20	Cap. Counties	11
Blue Circle	30	Lex Service	10	Land Secs.	35
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	22	"Lots"	4	Peachey	17
B.A.T.	25	London Brick	6	Samuel Props.	15
Brown (J.)	8	Lucas Inds.	20	Town & City	3
Burton	10	"Mams"	18	**Oils**	
Cadburys	6	Mrks. & Spncr.	9	Brit. Petroleum	50
Courtaulds	6½	Midland Bank	32	Burmah Oil	20
Debenhams	8	N.E.I.	7	Charterhall	13
Distillers	17	Nat. West. Bank	32	KCA	22
Dunlop	7½	P & O Dfd.	12	Premier	14
Eagle Star	24	Plessey	25	Shell	45
F.N.F.C.	4	Racal Elect.	35	Tricentrol	40
Gen. Accident	32	R.H.M.	4	Ultramar	50
Gen. Electric	50	Rank Org.	16	**Mines**	
Glaxo	22	Reed Intnl.	18	Charter Cons.	30
Grand Met	14	Sears	5	Cons. Gold	55
G.U.S. 'A'	48	Tesco	5½	Lonrho	10
Guardian	32	Thorn	28	Rio T. Zinc	45
G.K.N.	16	Trust Houses	10		
Hawker Sidd.	20	Tube Invest.	21		
House of Fraser	15	Unilever	50		
		U.D.T.	5		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 20

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Tuesday December 30 1980

UK COMPANIES PROTEST AT GRANTS FOR FOREIGN COMPETITORS

Anger at Japanese plastics plan

BY SUE CAMERON, CHEMICALS CORRESPONDENT

JAPANESE CHEMICAL manufacturers are thought to be planning to build a £3m plastics processing plant in South Wales against opposition from UK plastics companies.

Showa Denko, a leading Japanese petrochemical producer, is believed to be thinking of making plastic housings for television sets, and at least one other Japanese company is also thought to be interested in the idea.

Several Japanese electronics companies—notably Sony, Matsushita as well as the GEC-Hitachi joint venture — already make television sets in South Wales. Some depend substantially on British suppliers for their components.

Most of South Wales has either development area or special development area status, which means a plastics component plant in the region would attract Government grants of up to 22 per cent. of the cost of construction and equipment.

But last night the British Plastics Federation attacked the Japanese proposals. It said its members resented subsidised competition financed by British taxpayers and a new plant in South Wales would "threaten employment in our established companies."

The federation protested to the Department of Industry this month against the Japanese proposals. It said the department had refused to say which Japanese companies were involved in the project, on the grounds of commercial confidentiality.

But it is understood a plant costing about £3m is being proposed. The plant would probably have six to eight injection moulding machines and finishing equipment, large enough to supply the entire UK market for plastic television housings—worth £6m-£8m a year.

The new plant would probably provide 50-100 jobs.

UK companies producing plastic components for TV sets include GPG, National Plastics, Elco.

The BPF said several of these companies had invested heavily in new equipment over the past 18 months. If the Japanese proposals went ahead, its members' chances of earning an adequate return from these investments would be "jeopardised."

"Recession is hitting our industry and causing widespread redundancies," the federation said. "We are ready to face competition on equal terms from the Japanese or anyone else and we appreciate the general reasons for the Government's policies on inward investment and regional assistance.

"But we think the application of these policies in instances which damage existing British industry should be reviewed."

The Japanese companies in South Wales have expanded their operations considerably in the past few years. This has enabled them to have British-made goods produced to Japanese standards and under Japanese-style management. Sony has announced plans to build a TV tube plant at its Bridgend site in South Wales.

Several of the Japanese companies in South Wales are known to be continually pressing their UK suppliers for higher standards.

Land-Rover drops plan to rescue Stonefield

By Ray Perman, Scottish Correspondent

LAND-ROVER, the leading UK four-wheel-drive motor manufacturer, has pulled out of a plan to rescue Stonefield Vehicles, the Scottish truck company now in the hands of the Receiver.

The proposal, originated by the Scottish Office, was that Land-Rover, a division of BL, should take over management of Stonefield and the marketing of its range of light rough-terrain trucks.

Capital would have been provided jointly by the Government and a consortium of private financial interests. Land-Rover would not initially have had a stake in the company, but would have been able to "earn equity" over a period.

Stonefield went into receivership earlier this year when the Scottish Office instructed the Scottish Development Agency to end its financial support for the company, which had already absorbed £4m.

Since then, the Scottish Office has been trying to find a commercial partner with sufficient prestige and expertise to make the company profitable in the highly competitive international four-wheel-drive market.

Recession

Land-Rover said it might be interested, provided the Ministry of Defence was prepared to order some Stonefield vehicles to give an initial workload to the factory in Cumnock, Ayrshire, and establish its credibility with foreign armed forces, which are seen as key potential customers.

After intense lobbying, the Ministry is believed to have indicated that it might buy up to 40 vehicles with spares. But in spite of this, Land-Rover has told the Scottish Office that it does not want to become involved.

Like all other UK commercial vehicle manufacturers, Land-Rover is suffering from the effects of the recession. But in addition, the company is undergoing a major expansion of capacity which is already stretching its management resources.

It does not feel it is wise to take on any new commitments, particularly as the Stonefield is aimed at a more specialised market than the Land-Rover.

Very sad

Mr. Peter de Vink, managing director of Edinburgh Financial and General Holdings, which has been working with the Scottish office to save Stonefield, said he was deeply disappointed that many weeks of effort had so far failed.

Hope for saving Stonefield from liquidation now rests with Mr. William Brownlie, the receiver, who said he was still talking to a number of parties interested in taking over the Cumnock factory.

BL cash, Page 4

'Excess £1bn' in council coffers worries Treasury

BY ROBIN PAULEY

THE TREASURY is pressing the Environment Department for urgent action over what it predicts will be an excess £1bn of cash in local authority accounts. The Treasury fears so much "loose" cash could jeopardise the Government's public expenditure targets next year.

The issue has arisen because of the growing volume of capital receipts in local authority balances. This is money realised from the sale of assets and not spent by councils.

It includes money from the sale of land and, theoretically, council houses, although the latter are harder to identify.

When the Treasury first became alarmed about the size of councils' capital asset funds this year, the local authority associations were asked to find out the total sum involved.

They were promised that no "sinister" use would be made of the figures, such as counting the receipts against an authority's central government grant entitlement. The associations agreed, therefore, to provide a total.

This total was £450m, most of it held by district councils. The Treasury thought the sum would be £650m by the end of the 1980-81 financial year and could be as much as £1bn in 1981-82.

So much extra cash posed a severe threat to the Government's public expenditure targets, the Treasury said. However, officials refused to say how they had calculated that £450m would increase to the two higher figures.

The local authority associations say the Environment Department and Treasury fears are groundless. Having spent a lot of time and effort acquiring assets over the years, councils are not likely to race into disposing of the proceeds in a few month of one financial year, they say.

The Treasury remains unconvinced but has so far taken no action. The local authorities would see any such action as an intrusion into their financial affairs.

GLC campaign, Page 4

£500m nuclear contracts shared

BY MAURICE SAMUELSON

FOUR major engineering companies yesterday shared contracts worth nearly £500m for the next phase of Britain's advanced nuclear power station programme.

The contracts, for major work on the advanced gas cooled reactors (AGRs) at Heysham, Lancashire, and Torness, Scotland, have gone to Taylor Woodrow, NEI Parsons, GEC and Sir Robert McAlpine and Sons.

Further contracts for boiler work worth between £200m and £300m, are expected to be announced in the next few weeks.

At the £1.25bn Heysham II power station, Taylor Woodrow will carry out the main civil engineering and building works, while NEI Parsons will supply and install two 660 Megawatt turbine generators plus condensing and other plant. The combined work is worth about £230m.

The Central Electricity Generating Board (CEGB) said contracts for Heysham's boiler systems and other large items would be placed shortly in conjunction with the National Nuclear Corporation.

At Torness, Scotland, which is being built to the same design as Heysham II, Sir Robert McAlpine will carry out the main civil engineering and building, while GEC Turbine Generators will supply and install the two 660 MW turbine generators and condensing and feed heating plant and boiler feed pumps. These two contracts are worth about £248m.

The South of Scotland Electricity Board is expected to announce further contracts for the £1.1bn plant at the same time as the CEGB.

Northern Engineering and Babcock International are believed to be in line for the next round of boiler orders.

The work is an important boost for the nuclear supply industry and will help assure thousands of jobs after years of uncertainty. Earlier this year, falling demand for electricity raised doubts as to whether the Heysham and Torness stations would be built.

GEC said last night that the Torness orders had come at a very opportune time. The home market had been depressed severely for several years and GEC had won no domestic business since the order for Littlebrook in 1974. The Torness work would be shared by GEC factories at Rugby, Trafford Park in Manchester, Stafford and Larne in Northern Ireland.

An estimated £60m to £70m has already been spent at each of the new AGR stations for site preparation and reactor parts with particularly long lead times.

Poland asks Solidarity leaders to back down

By Christopher Bobinski in Warsaw

LEADERS of Poland's largest independent union, Solidarity, have been asked by the authorities not to allow their public statements to embarrass the Polish leadership in its relations with other Warsaw Pact countries.

The request came from Mr. Josef Czyrek, the Foreign Minister, who has returned from Christmas talks in Moscow with President Leonid Brezhnev and other Russian leaders.

A two-hour meeting yesterday with Mr. Lech Walesa, the leader of Solidarity, and other union officials appeared to mark another stage in Soviet efforts to encourage the Polish authorities to contain the power and influence of the independent trade union movement.

Solidarity and Mrs. Walesa personally, have often been criticised by the East German and Czechoslovak media, which have quoted his interviews with the Western Press to demonstrate that the movement is "anti-socialist."

Mr. Czyrek and Mr. Walesa, who was accompanied by Mr. Andrzej Gwiazda and Mr. Bogdan Lis, both senior union officials, also discussed the implications of the developing contacts between Solidarity and Western trade unions.

Yesterday, M. Edmond Maire, secretary-general of Socialist-orientated Confédération Française Démocratique du Travaille union federation of France, arrived in Poland for talks with Solidarity.

The French federation recently gave printing equipment and a considerable amount of paper to Solidarity.

Continued from Page 1

Oil prices

spot market for light African oil.

UK oil companies are facing a big increase in tax under schemes now being considered in the Inland Revenue. Sir Geoffrey Howe, the Chancellor, has announced that he intends to raise an extra £1bn in 1981-82. An estimated £850m of this should come from a new supplementary tax, with the remainder being raised from changes in petroleum revenue tax allowances.

But a discussion document published by the Inland Revenue shows that over the coming years the Government could raise considerably more than £150m annually from possible changes in PRT. The Inland Revenue says PRT allowances "may not be achieving what they were intended to do." It was possible that reliefs were disproportionately beneficial to the more profitable fields and acted as a "disincentive" to proper cost control.

As a result, the Inland Revenue has suggested radical changes in the terms of PRT which, if implemented, would substantially reduce allowances to oil companies.

In particular, the Revenue sees the need for amending, or possibly abolishing, PRT safeguard arrangements designed to set a ceiling on tax liabilities. The safeguard ensures that no PRT is charged on a field earning less than 30 per cent a year on the capital invested in it. Where the field is more profitable, the PRT charge may not exceed 80 per cent of the excess of annual income over 30 per cent on capital invested.

The Inland Revenue says incentives to control costs could be improved by amending the criteria of the safeguard provisions.

Other changes might affect the oil allowance which provides PRT exemption for the first 5m tonnes of production from a field.

Continued from Page 1

TV

area will be given preference in allocation.

The group intends to seek a quotation on the Stock Exchange's new Unlisted Securities Market.

The franchise announcements brought a mixed reaction in the stock market. Shares of Westward gained 7½p at one point to 29p, but then settled at 25p at the close, up 3½p.

Associated Newspapers, with an interest in Southern, fell 6p to 250p, but Rank Organisation, also in Southern, was unchanged.

Associated Communications, which must sell 49 per cent of its ATV subsidiary, was up 5p to 50p, and Trident A shares were unchanged at 47p after dipping to 42p on news that it must sell most of its interest in Yorkshire and Tyne Tees Television.

Scottish A was up 1p to 84p, London Weekend A up 4p to 104p and HTV 3p to 100p.

Weather

UK TODAY

STRONG W. or S.W. airstream. Some rain on S. and W. coasts, dry elsewhere.

London, Midlands, E. Anglia, E. and Central N. England

Mainly dry and cloudy, fresh winds. Max 10C (50F).

Aberdeen, Moray Firth, N.E. Scotland

Sunny intervals, scattered wintry showers, some gale force

Elsewhere

Cloudy, some rain. Winds occasionally gale force.

Outlook: Cloudy with rain; near normal temperatures. Windy.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	13	55	Locarno	S	4	39
Algiers	C	9	48	London	C	10	50
Amsdm.	C	7	45	L. Ang.†	F	10	50
Athens	F	12	54	Luxmbg.	C	1	34
Bahrain	S	19	66	Luxor	S	21	70
Barcina.	S	12	54	Madrid	S	9	48
Beirut	F	17	63	Majorca	R	11	52
Belfast	C	8	48	Malaga	S	13	55
Belgrd.	S	3	37	Malta	C	15	59
Berlin	C	5	41	M'chstr.	C	10	50
Biarritz	S	5	41	Melbne.	C	19	66
Bmghm.	C	9	48	Miami†	F	9	48
Blackpl.	C	8	46	Milan	S	5	41
Bordx.	S	1	34	Montrl.†	Sn	−1	30
Boulgn.	C	8	46	Moscow	Sn	−4	25
Bristol	C	9	48	Munich	Fg	−9	16
Brussels	C	5	41	Nairobi	S	25	77
Budpst.	S	3	37	Naples	S	2	36
Cairo	F	19	66	Nwcstl.	C	11	52
Cardiff	R	9	48	N. York†	Fg	2	36
Cas'b'ca	S	12	54	Nice	S	10	50
Cape T.	S	24	75	Nicosia	F	19	66
Chicg.†	Sn	1	34	Oporto	S	9	48
Cologne	R	3	37	Oslo	F	7	45
Cpnhgn.	C	6	43	Paris	C	3	37
Corfu	S	13	55	Perth	C	26	79
Denver†	F	2	36	Prague	C	1	34
Dublin	C	10	50	Reykjvk.	C	−5	23
Dbrvnk.	S	10	50	Rhodes	S	15	59
Ednbgh.	R	10	50	Rome	S	11	52
Faro	S	11	52	Salzbrg.	S	1	34
Florence	S	10	50	S F'cisco†	F	9	48
Frankft.	C	−1	30	Singapr.	R	25	77
Funchal	C	16	61	Stckhm.	C	5	41
Geneva	C	−2	28	Strsbg.	C	−3	27
Gibraltar	S	14	57	Sydney	C	23	73
Glasgow	R	10	50	Tangier	S	14	57
G'rnsey	C	8	46	Tel Aviv	S	17	63
Helsinki	S	0	32	Tenerife	F	11	52
H. Kong	S	17	63	Tokyo	S	9	48
Innsbrk.	S	−4	25	T'ronto†	R	−1	30
Invrnss.	R	10	50	Tunis	R	16	61
I.o.Man	C	10	50	Valencia	C	11	52
Istanbul	C	6	43	Venice	S	6	43
Jersey	C	9	48	Vienna	S	4	39
L. Plms.	C	16	61	Warsaw	C	1	34
Lisbon	S	7	45	Zurich	C	−3	27

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Tax grip tightens in North Sea

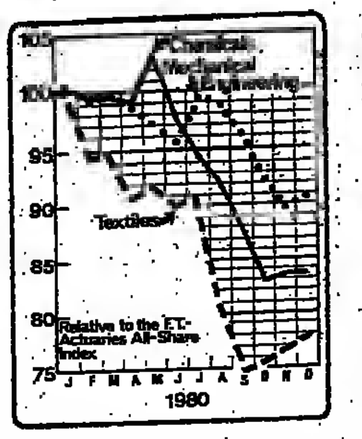
With the Libyans yesterday pushing up their oil price rather more than had been expected, North Sea oil is set to move up about $3½ a barrel to $40 or so. But the UK Treasury has made it quite clear that it sees itself as having first claim to any windfall increase in profits. Quite apart from the new oil tax announced in the November mini-Budget, the proposed changes to the range of Petroleum Revenue Tax reliefs (details of which are now circulating among oil companies), will have a substantial, and growing impact.

The changes will come into effect in the next financial year and while the Inland Revenue has yet to consult with the industry, it is unlikely to be budged on two of its proposals. Thus the Revenue is keen to transform the present volume oil allowance into one expressed in money value (the benefit of which will be eroded as prices rise). And it is seeking a cut-off for uplift (whereby companies obtain relief for unlimited capital expenditure at a 135 per cent rate), 1½ years after oil begins to flow from a field. A further proposal to abolish the safeguard which limits the total amount of tax companies pay seems more tentative, but even if it is retained there may well be a cut-off provision after five years.

In the first year of operation the change in reliefs will raise perhaps £150m extra for the Government, with an additional £850m or so coming from the new tax. But the change in reliefs will generate a growing amount of revenue in future years. At the same time the scope for manipulating capital expenditure to reduce the tax take will be reduced. The Chancellor, who confessed earlier this month that the £1bn shortfall in the Budget estimate for 1981-82 North Sea revenues was partly due to higher expenditure, is clearly determined to close this gap.

The oil sector—which is now standing more than a tenth below the level before the mini-Budget—may not be fully discounting these tax measures. Abolition of the safeguard seems likely to bear hardest on Ninian (ICI, LASMO, BP) and possibly Thistle (Tricentrol). Longer-term the effect will be to lengthen the period in which companies are liable to PRT. The change in the oil allowance will have a greater effect on small fields such as Buchan (BP, GCP, Charterhall, Cluff). The cut-off of uplift will discriminate against those fields with a slow steady development, such as Brent. New fields most vulnerable here are the Brae complex (Marathon, Sovereign) and the T-block (Phillips, Petrofina, LASMO).

Index rose 3.1 to 470.0



Merrill Lynch

The clash of styles which has led to the abrupt departure of Mr. David Montagu and Mr. John Craven from Merrill Lynch International Bank will not come as any great surprise to London's merchant banking community. Successful merchant banks are highly individual and entrepreneurial organisations, and cannot easily be fitted within conventional corporate structures. Merrill Lynch's plan to develop a bank with business-getting punch to exploit more of the potential of its enormous security sales machinery has looked logical enough on paper. But clearly the human element was not considered carefully enough when Merrill Lynch hired two such heavyweight bankers from outside. In less than a year both sides have decided the position is untenable due to what, in the special language of resignation announcements, are described as "philosophical differences."

Like most large U.S. concerns with international operations, Merrill Lynch applies tight and inflexible financial controls to its various enterprises. Monitoring is carried out by means of frequent reports to the centre, as often as weekly in the case of foreign exchange positions, and bond books are also kept under close central scrutiny. It is apparent that this kind of approach does not fit in with the much more free-wheeling style characteristic of London merchant bankers. Not for nothing does the Accepting Houses Committee insist that its members must retain managerial independence, even when ultimate financial control rests elsewhere (though in cases like Samuel Montagu and Guinness Mahon independence has not always seemed to be total).

Despite its setback, Merrill Lynch is ready to try again. It is injecting another $12m of capital into the London bank.

Manufacturing

Over the last few weeks many manufacturing sectors of the London equity market, which had looked doomed to eternal underperformance, have begun to stabilise relative to the All-Share Index. So far, however, their absolute performance has remained weak; the relative strength reflects shake-outs in, for example, the oil and financial sectors which have not been experienced by manufacturing shares.

The poor performance of many manufacturing stocks over the third quarter was an adjustment to sharply deteriorating expectations of profits, and in some cases dividends. This reassessment now seems to have been completed, and a share such as ICI has settled down on a 10 per cent yield. The price should not fall much further unless serious doubts arise about the final dividend.

This on its own may be enough to hold share prices steady in hombed-out sectors of the market. But there are also some signs that the bargain basement merchants are at work again.

For most of the last two years this has been an unrewarding occupation. While successful companies have defied gravity, sitting happily on p/e ratios in the high teens, buying "cheap" stock has proved exceptionally expensive. But on the assumption that the present business cycle bottoms by mid-1981, a pick-up in demand could lead to spectacular 1982 profit recoveries for those companies which have reduced their costs in the recession and can look for substantial productivity gains.

In addition, it seems quite possible that the levels of sterling and interest rates will be less of a burden on the corporate sector in 1981 than in 1980. And those companies which have solved their most serious problems but have not yet seen their efforts reflected in their share prices most be possible candidates for takeover bids.

Belgium fuels EEC budget row

BY LARRY KLINGER IN BRUSSELS

THE EEC budget row heightened yesterday with five member countries apparently heading for a legal battle over the European Parliament's budgetary powers.

Belgium joined France, West Germany and Denmark in opposing the supplementary Community budget approved by the Parliament for 1980 and the full budget for 1981. The Netherlands was also reported to be hardening its stance. And there were fears that budget rebates promised to Britain might become embroiled. Britain, Italy and Ireland favour paying the full supplement.

Belgium has instructed its EEC representative to tell the Commission that its first 1981 payment to the Budget will be less than the total demanded by Parliament.

Government officials added that they understood France and West Germany, and possibly Denmark, were despatching similar instructions.

They said their initial 1981 payment would be based on a supplement of 100m European units of account (about £62m), instead of the extra 336m EUA voted by Parliament.

France made known last week that it had no intention of paying the full amount, and it was reported here last night that the Netherlands was likely to follow suit.

The conflict began last week when the EEC Council of Budget Ministers found itself unable to approve the Parliament's additions to the Community's spending commitments.

The member countries opposing Parliament accuse the assembly of adding at the last moment "unspendable" funds to the 1980 budget in order to raise the ceiling on next year's budget.

If no quick compromise can be found the Commission, as guardian of the EEC treaties, would seemingly have no alternative to taking the "defaulters" in the European Court.

A Commission spokesman last night refused to comment, pointing out that it was the duty of the Commission to remain neutral in disputes between member states and the Parliament.

It is known that some Commission officials, especially those dealing with social and regional development spending, would like to see the supplements approved in full. Most of the funds under dispute have been earmarked for regional and social aids, as opposed to the 70 per cent of the Community budget devoted to the Common Agricultural Policy.

This is also the reason why Italy and Ireland—recipients of a considerable proportion of EEC social spending—are keen to see the full amount approved.

Britain, apart from receiving development aid, has a special interest in the smooth adoption of budgets—the estimated £550m in rebates negotiated to redress Britain's excess contributions.

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